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12:27 1 you could -- you know.

2 If you're participating in consensus, you have to
3 have a certain overlap with a set of nodes, and Ripple
4 published -- again, this is me speaking not as an expert
12:28 5 on XRP consensus, but you had to have some sort of
6 overlap with a large number of these nodes and Ripple
7 provided a list of validators that they considered of
8 high quality.

9 Q. Okay. So does that explanation go to --
12:28 10 MR. HECKER: You need to keep your voice
11 up.

12 THE WITNESS: Sorry.

13 BY MR. MOYE:

14 Q. Does that explanation go to the
12:28 15 decentralization point or the trustless point, or both?

16 A. Ultimately both, because decentralization
17 attempts to solve for trust.

18 Q. Okay. Let's go to the second comment or
19 point you make under Section 6.0, "Crypto Economics."
12:29 20 What is your comment there?

21 A. My comment here is "Ripple does hold the
22 majority of XRP, though perhaps we can argue the other
23 way once we do the lockup."

24 Q. What is the "lockup" that you refer to?
12:29 25 A. Escrow.

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12:29 1 Q. So at this point in time, November of 2017,
2 did you understand Ripple to be contemplating doing an
3 escrow of XRP?

4 A. I -- I believe I understood we were working
12:29 5 on the escrow.

6 Q. That that was in the works?

7 A. Yes.

8 Q. Okay. So there's another bullet under "2.2
9 Team." Let's call that your third comment.

12:29 10 A. Uh-huh.

11 Q. What's your third comment -- what does it
12 mean?

13 A. I said, "Perhaps they might interpret Ripple
14 leadership as highly centralized."

12:29 15 Q. What's the basis for that comment?

16 A. Ripple being a private company with a
17 leadership team -- private companies, you know,
18 executive officer. For example, there was no company in
19 charge of, say, Bitcoin.

20 Q. Okay. So the "highly centralized" refers to
21 the size Ripple's leadership team; is that correct?

22 MR. HECKER: Objection to form,
23 foundation, mischaracterizes his testimony.

24 THE WITNESS: I don't think it is about
12:30 25 the size of the leadership team. I believe it

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12:30 1 is more about the existence of the leadership
2 team.

3 BY MR. MOYE:

4 Q. Okay. Well, looking above your comment,
12:30 5 where it says "Specialized knowledge and key people,"
6 you're quoting from the GDAX framework there, correct?

7 A. That's correct.

8 Q. And the GDAX framework says "The product
9 leadership is not highly centralized or dependent on a
12:30 10 small number of key persons," correct?

11 A. That is from the -- my understanding is that
12 that is from the GDAX framework.

13 Q. Okay. So when you said, "Perhaps they might
14 interpret Ripple leadership as highly centralized," were
12:30 15 you also saying that the small number of key people --
16 that a small number of key people might be part of that
17 view, that Ripple is highly centralized?

18 MR. HECKER: Objection to form,
19 foundation.

12:31 20 BY MR. MOYE:

21 Q. Let me ask it this way: Did the --
22 Do you agree that at this point in time, Ripple had
23 a small number of key people in leadership positions?

24 A. Probably.

12:31 25 MS. ZORNBERG: Object.

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12:31 1 BY MR. MOYE:

2 Q. That was "probably"?

3 A. Probably.

4 Q. Okay. Let's go to your next comment. So
12:31 5 this is a comment about source code?

6 A. Uh-huh.

7 Q. What's your comment about source code?

8 A. I believe the Ripple -- it's spelled Rippled,
9 but it's referred to as "Ripple D. "

12:31 10 Q. Okay.

11 A. I believe the Ripple D code is open source,
12 but I can't speak to it well-documented peer-review.

13 Q. So open sourced would be consistent with the
14 GDAX framework, correct?

12:32 15 A. That's correct.

16 Q. And you just didn't have enough knowledge
17 about the peer-review process?

18 A. Correct.

19 Q. Okay. What's the next comment you made about
12:32 20 Crypto Economics under "6.1, Economic Incentives"?

21 A. "XRP does not have any economic incentives
22 for a participant to run a validator. To penalize a bad
23 actor holding up consensus, we can remove that validator
24 from our list."

12:32 25 Q. Okay. Are you quoting something there? I

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12:32 1 can't tell if that's a "..." or if those are your own
2 words.

3 A. I believe these are my own words.

4 Q. Okay. So what are validators, and why, under
12:32 5 this framework, would be -- should they be incentivized
6 good behavior or deterred from bad behavior?

7 A. Again, I'm not the expert in XRP consensus
8 here. But typically, let's talk about -- let's talk
9 about Bitcoin and then we can draw comparison.

12:33 10 Bitcoin's proof of work mechanism run by "miners,"
11 is what's -- you know, if you solve the proof of work,
12 you essentially unlock a block, and then you receive a
13 trans -- a block award for unlocking that block, right?

14 So proof of work essentially solves three
12:33 15 functions: First is the double-spend problem, right?
16 So you don't -- you're not relying on a certain trusted
17 authority to say you have this amount of assets. You
18 can spend it and not spend it tomorrow. That's
19 essentially the problem any of these distributed ledger
12:34 20 technologies are trying to solve.

21 But with the mining process, you also have
22 incentivization for running the network, which is the
23 block reward, but related to that is also distribution
24 of the asset to do get that out, right? So you --
12:34 25 because many people are participating in mining or

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12:34 1 liquidating -- the block reward to pay for electricity,
2 you solve double-spend, you solve incentivization, and
3 you solve distribution.

4 XRP consensus works very differently. So there's
12:34 5 no -- like it use validators who are looking at proposed
6 transactions to the XRP, or proposal orders or
7 transactions to the XRP Ledger. As opposed to having
8 some sort of, like, rotating dictator who unlocks a
9 block, validators, in general, all contribute to XRP
12:35 10 consensus by -- you're looking at the validators who
11 are -- you know, you're looking at essentially a super
12 majority of these votes to say this is a good
13 transaction to include it in yours, right?

14 However, there's no block reward and there's no --
12:35 15 there's no block reward and also no resulting
16 distribution of that asset.

17 Q. So as you understood the GDAX framework and
18 as you understood the XRP validation process, did you
19 think XRP was a good fit or maybe not a good fit with
12:35 20 this framework?

21 A. From the GDAX framework -- you know,
22 mechanisms to incentivize validators and mechanisms that
23 deter bad behavior -- my understanding of the XRP
24 consensus, it did not appear that they were incentives
12:36 25 to be a good actor or, at least monetary incentives to

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12:36 1 be a good actor or a bad actor.

2 What I'm saying is a bad actor is penalized by
3 being removed by just being ignored.

4 Q. Okay. Let's go to the last section, the
12:36 5 "Market Demand" under "5.1, Demands." What's your
6 comment here?

7 A. "Market Demand," under --

8 So the GDAX criteria starts as "Developers and
9 Contributors: Growing developer based -- base and
12:36 10 measured progress as defined by the number of
11 repositories, commits, and contributors."

12 My comment is "Perhaps not relevant, but I don't
13 have a measure of the external developer base outside of
14 Ripple. It surely does not compare to either Bitcoin or
12:37 15 Ethereum."

16 Q. You're saying Ripple's developer base is
17 smaller than Bitcoin and Ether, or are we making some
18 other characterization?

19 A. I'm saying XRP's developer base has a --
12:37 20 XRP's developer base outside of Ripple appears to be
21 smaller than that, than -- than the developer base of
22 Bitcoin or Ethereum.

23 Q. Or Ethereum?

24 A. (Nodding).

12:37 25 Q. Okay. You can put this aside.

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12:37 1 (Thereupon, an informal discussion was
2 held off the record.)

3 MR. HECKER: The witness is inquiring
4 about lunch.

12:37 5 MR. MOYE: Well --

6 MR. HECKER: Is now a good time to take a
7 lunch break?

8 MR. MOYE: Now would be fine.

9 MR. HECKER: Great.

12:37 10 THE VIDEOGRAPHER: This will conclude
11 Video No. 2 in the deposition of
12 Dinuka Samarasinghe. We are off the record at
13 12:37 p.m., June 9th, 2021.

14 (Recess taken at 12:37 p.m.)

15 (Resumed at 1:36 p.m.)

16 THE VIDEOGRAPHER: This is the beginning
17 of Video No. 3 in the deposition of
18 Dinuka Samarasinghe.

19 We are on the record at 1:36 p.m.,
01:36 20 June 9th, 2021.

21 BY MR. MOYE:

22 Q. Mr. Samarasinghe, before our lunch break, I
23 asked you a number of questions about XRP and the GDAX
24 framework e-mail that we were reviewing.

01:36 25 Do you remember those?

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01:36 1 A. Yes, sir.

2 Q. Can you tell me whether since you wrote that

3 e-mail --

4 Since September 28th of 2017, whether any of the

01:36 5 views that you expressed in that e-mail have changed

6 about how XRP compares to the GDAX framework?

7 MR. HECKER: Objection to form,

8 foundation.

9 BY MR. MOYE:

01:36 10 Q. If it's helpful to go through it one by one,

11 we can do that.

12 MR. HECKER: Same objection.

13 BY MR. MOYE:

14 Q. So let's break it down.

01:36 15 A. But yes, my opinions did change, at least on

16 certain -- certain of these topics.

17 Q. Let's go through them one by one. As far as

18 your first comment about decentralization --

19 A. Yes.

01:37 20 Q. -- trust, has your opinion changed on that?

21 A. The XRP Ledger became increasingly central --

22 decentralized in that Ripple control validators --

23 Ripple sponsor -- were reduced.

24 So I recall there was a time where Ripple only

01:37 25 controlled one or two validators on the entire Unique

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01:37 1 Node List.

2 Q. How about your second comment about economic
3 incentives, has that opinion changed?

4 (Pause.)

01:37 5 THE WITNESS: Out of 100 billion XRP that
6 were created at the Genesis block, Ripple
7 continues to hold over 50 percent of the XRP,
8 that second one did not change.

9 BY MR. MOYE:

01:38 10 Q. Okay. How about your third comment about
11 centralization?

12 A. It changed a little bit. There were -- I --
13 I'm not -- was not part of the spring team or -- but
14 there were other teams working on other use cases for
01:38 15 XRP.

16 Q. How about the next comment about peer review?
17 Has anything changed about your view then?

18 A. I -- I still can't speak to whether or not it
19 has a well-documented peer review or not.

01:38 20 Q. How about your next comment about economic
21 incentives for validation?

22 A. I don't believe that one has changed.

23 Q. Okay, and how about your final comment about
24 external developer base?

01:39 25 A. I don't have a view on that one.

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01:39 1 Q. You don't have a view whether it's changed or
2 you don't have a view at all?

3 A. Either. I don't -- I don't really know what
4 the developer base is for XRP.

01:39 5 (Thereupon, one-page e-mail chain with top
6 e-mail dated 12/13/17, from [REDACTED] to
7 Miguel Vias et al. was introduced as DS Exhibit
8 for identification.)

9 BY MR. MOYE:

01:39 10 Q. Okay. Let's look at DS Exhibit 8.

11 Please take a moment and review what's been
12 marked -- marked as DS Exhibit 8.

13 Let me know when you're done.

14 A. I'm done. I'm ready.

01:40 15 Q. Okay. DS Exhibit 8 is a copy of an e-mail
16 from [REDACTED] at [REDACTED], dated
17 December 13, 2017, to Miguel Vias, [REDACTED] --
18 did I pronounce that right?

19 A. Yes.

01:40 20 Q. -- and yourself at Ripple, "Subject: Please
21 turn selling back on."

22 Are you familiar with this exhibit -- with this
23 document, I should say?

24 A. I haven't seen it before. I have no reason
01:40 25 to believe there's anything inaccurate about it.

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01:40 1 Q. Okay. So --

2 MS. ZORNBERG: Mr. Samarasinghe, could
3 you try to keep your voice up?

4 THE WITNESS: Sorry. I will do my best.

01:40 5 (Thereupon, an informal discussion was
6 held off the record.)

7 BY MR. MOYE:

8 Q. Sc ██████████ is responding to an e-mail
9 from Mr. Vias earlier in the day on which you are
01:41 10 copied. Do you see that?

11 And the subject is "Please turn selling back on"?

12 A. Yes.

13 Q. It looks like he says, "Plus or adding
14 Dinuka"?

01:41 15 (Thereupon, an informal discussion was
16 held off the record.)

17 THE WITNESS: Uh-huh, yes.

18 MR. HECKER: I'm sorry. Objection to the
19 foundation.

01:41 20 I'm not sure what e-mail you think he's
21 on. He's on the second one, not the first
22 one, right?

23 MR. MOYE: Well, he's on the top and he's
24 also on the second.

01:41 25 MR. HECKER: On the bottom --

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01:41 1 MR. MOYE: He's not on the oldest.

2 You're correct.

3 MR. HECKER: Okay. Sorry.

4 BY MR. MOYE:

01:41 5 Q. Okay. But the bottom e-mail -- the one that
6 you're not on -- actually, Mr. Vias writes:

7 "Guys, can we please turn the bots back on at the
8 same percentages as before? Let me know when that's
9 done. Thanks."

01:41 10 Do you understand the purpose of these e-mail
11 instructions from Mr. Vias?

12 A. Yes.

13 Q. What's the purpose, as best as you
14 understand?

01:42 15 A. It appears that the [REDACTED] XRP
16 programmatic liquidators were paused or halted, and
17 Miguel has instructed them to be turned back on.

18 Q. And do you know what reason it might be to
19 turn those -- turn those things back on -- I'm sorry.

01:42 20 Do you know why they would have been paused or stopped?

21 MS. ZORNBERG: Object to form.

22 BY MR. MOYE:

23 Q. Based on your time at a Ripple and
24 [REDACTED], were there times when Ripple asked
01:42 25 [REDACTED] to stop selling or exchanging XRP?

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01:42 1 A. Yes.

2 Q. Based on your experience, why -- why did that
3 occur?

4 A. It's possible that the quarterly sales target
01:43 5 for XRP liquidations had been reached at this point.

6 Q. Any other reasons you can think of, assuming
7 that that was the case?

8 MR. HECKER: Sorry. You're shaking your
9 head. Do you need to --

01:43 10 THE WITNESS: No.

11 MR. HECKER: Okay.

12 THE WITNESS: None that I can recall.

13 BY MR. MOYE:

14 Q. Okay, and assuming for the purposes of this
01:43 15 question, then, that that's the reason that this e-mail
16 was sent, if quarterly sales targets were reached, why
17 would Ripple want [REDACTED] to stop trading in XRP?

18 MR. HECKER: Objection to form,
19 foundation.

01:43 20 BY MR. MOYE:

21 Q. You can answer.

22 A. Why would Ripple want [REDACTED] to stop
23 trading?

24 Q. Yes.

01:43 25 A. In case they did not want to in- -- increase

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01:43 1 XRP supply that was in the market.

2 Q. And do you have any understanding of why
3 Ripple would desire to limit or not to increase the
4 amount of XRP in the market?

01:44 5 A. Either to reduce selling pressure, reduce XRP
6 inflation.

7 Q. Anything else you can think of?

8 A. No.

9 Q. Okay. While you were at [REDACTED] can you
01:44 10 recall this sort of thing happening from time to time?

11 MS. ZORNBERG: Objection, form.

12 THE WITNESS: While I was at [REDACTED]

13 I don't recall that XRP programmatic
14 liquidations were something that we did.

01:44 15 BY MR. MOYE:

16 Q. Okay. Do you recall more than --

17 Do you recall this occurring on more than one
18 occasion while you were at a Ripple, where Ripple would
19 reach out to market makers and say, "Please stop
01:44 20 selling"?

21 A. I do recall reaching out to market makers to
22 ask them to stop liquidating. I can't -- I don't recall
23 how many times that occurred.

24 Q. Okay, and just to clarify, is it your
01:45 25 recollection Ripple would reach out to more market

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01:45 1 makers than just [REDACTED] It would be a larger
2 group?

3 A. Yes. In my experience, instructions to one
4 market maker were typically reflected to the suite of
01:45 5 market makers that were conducting programmatic
6 liquidations.

7 Q. And was it your understanding that these
8 instructions were perceived as beneficial to Ripple in
9 some way, the company?

01:45 10 MS. ZORNBERG: Objection.

11 THE WITNESS: I'm sorry. The
12 instructions were beneficial?

13 BY MR. MOYE:

14 Q. Yes, the instructions to stop selling for a
01:45 15 period of time, did you understand that those
16 instructions had some benefit or value to Ripple as a
17 company?

18 MS. ZORNBERG: Objection.

19 MR. HECKER: Objection to the form of the
01:45 20 question.

21 BY MR. MOYE:

22 Q. You can answer.

23 A. Were they perceived by the -- I'm not sure if
24 I understand your question. If you could rephrase?

01:46 25 Q. Yeah. The question is:

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01:46 1 Was it your impression or understanding that these
2 instructions from Ripple, the market makers, to stop
3 selling for some period of time had some value or
4 benefit to Ripple as a company?

01:46 5 And have other questions after this one.

6 MR. HECKER: Objection to the form.

7 (Pause.)

8 THE WITNESS: I believe so.

9 BY MR. MOYE:

01:46 10 Q. Okay. Was it your impression that these
11 instructions had some benefit or value to holders of XRP
12 as well?

13 MR. HECKER: Same objection.

14 THE WITNESS: I -- I'm not sure about
01:46 15 that one.

16 (Thereupon, a one-page e-mail dated

17 12/16/17, from Miguel Vias to [REDACTED],

18 Subject: Stop Selling" was introduced as DS

19 Exhibit 9 for identification.)

01:46 20 BY MR. MOYE:

21 Q. Okay. Let's look at DS Exhibit 9. Please
22 take a moment and review what's been marked as
23 DS Exhibit 9.

24 Okay. Can you tell me what DS Exhibit 9 is?

01:47 25 A. DS Exhibit 9 appears to be an e-mail from

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01:47 1 Miguel Vias to [REDACTED]. I am cc'd as
2 a -- as an employee of Ripple. The subject says "Stop
3 Selling."

4 Q. And what's the reason given that Mr. Vias
01:47 5 gives at this time for [REDACTED] to stop selling?

6 A. Miguel Vias instructs [REDACTED] to stop
7 selling. It says "Please turn all bottoms off." He
8 continues to say, "Just got word we are done selling for
9 the year. Also, please confirm when that's done.

01:48 10 Thanks, gents."

11 Q. Okay. Now, did you understand from the
12 context and from this e-mail, that it was an instruction
13 to stop selling XRP?

14 A. That's correct.

01:48 15 Q. Because that's what -- that's what [REDACTED]
16 dealt with, correct?

17 A. Correct.

18 Q. All right. Now, can you look at DS Exhibit 8
19 and DS Exhibit 9 side by side? Can you help me
01:48 20 understand why, first looking at DS Exhibit 8, Ripple
21 might have told them to start selling again on December
22 13th, presumably after a pause, and then stop selling
23 three days later on December 16th?

24 (Pause.)

01:49 25 THE WITNESS: I don't recall.

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01:49 1 BY MR. MOYE:

2 Q. Okay. Whether or not you can recall this
3 particular incident --

4 A. Uh-huh.

01:49 5 Q. -- do you think there were other events when
6 you were at Ripple where market makers were told to stop
7 then restart, then stop selling again, in a relatively
8 short period of time?

9 A. I don't believe that happened other times in
01:49 10 my history at Ripple.

11 Q. Okay. Just from looking at DS Exhibit 9 and
12 the phrase "Just got the word we're done selling for the
13 year," did you have any understanding about why Ripple
14 would want to stop selling XRP within a particular
01:49 15 calendar year and for what reason?

16 A. I think, again, this probably points to
17 hitting the target for the yearly sales goal of XRP.

18 Q. And do you know who set those yearly targets
19 or goals?

01:50 20 A. Historically, it was -- my understanding is
21 that it was decided amongst the leadership team with
22 input from the CFO and the CEO.

23 Q. Okay, and just to clarify, was your unit an
24 essential part of reaching these goals or just one of
01:50 25 many components within --

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01:50 1 A. The markets team --
2 MS. ZORNBERG: Objection to form.
3 MR. HECKER: Yep, I join in the objection
4 and foundation.
01:50 5 MR. MOYE: Let me rephrase.
6 BY MR. MOYE:
7 Q. How important was your group to helping
8 achieve those goals?
9 A. The markets team was -- managed the
01:50 10 relationship, managed -- managed the relationships with
11 the programmatic market makers for the programmatic
12 liquidation.
13 Q. And do you believe these goals were to sell
14 XRP through the market makers only or were there other
01:51 15 methods that Ripple was selling XRP to the market?
16 MS. ZORNBERG: Objection to form.
17 BY MR. MOYE:
18 Q. You can answer.
19 A. Ripple also sold XRP not -- not just from
01:51 20 programmatic liquidations, but also from OTC trades.
21 Q. Okay. Any other methods used while you were
22 at Ripple for Ripple to sell XRP?
23 A. The markets team was primarily responsible
24 for programmatic liquidation and then OTC sales to OTC
01:51 25 brokers. I am aware of sales to entities like

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01:51 1 [REDACTED] and [REDACTED] -- as well as [REDACTED]

2 Q. Did those go through your team or through
3 another channel?

4 A. We -- the markets team helped coordinate
01:52 5 those -- those sales, but I'm not aware that the markets
6 team had anything to do with the initial deals.

7 Q. Were those deals considered either
8 programmatic or OTC sales?

9 A. Considered by whom?

01:52 10 Q. By Ripple.

11 A. In the quarterly reports, sales to
12 [REDACTED] and [REDACTED] were included in sales of
13 reported sales numbers.

14 Q. Under which category? Under programmatic?

01:52 15 A. They were not -- they were not included in
16 programmatic.

17 Q. Okay.

18 A. They were included institutional sales.

19 Q. Institutional?

01:52 20 So they were neither programmatic or OTC; is that
21 right? They were a separate kind of sale?

22 MS. ZORNBERG: Objection.

23 (Thereupon, an informal discussion was
24 held off the record.)

01:53 25 THE WITNESS: I think the markets team

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01:53 1 did not consider [REDACTED] or [REDACTED]
2 necessarily OTC trades.

3 BY MR. MOYE:

4 Q. Okay, and do you include yourself in that,
01:53 5 you personally wouldn't mentally have categorized
6 [REDACTED] as OTC sales?

7 A. That's correct.

8 (Thereupon, two-page e-mail dated
9 12/28/17, from [REDACTED] to
01:53 10 [REDACTED]@ripple.com et al., Bates Nos.
11 [REDACTED] 0039962 through [REDACTED] 0039963, was
12 introduced as DS Exhibit 18 for identification.)

13 BY MR. MOYE:

14 Q. Okay, DS Exhibit 18. We're going to look at
01:53 15 DS Exhibit 18.

16 MR. HECKER: One-eight?

17 MR. MOYE: One-eight.

18 (Pause.)

19 BY MR. MOYE:

01:54 20 Q. So Mr. Samarasinghe, please take a moment and
21 look over what's been marked as DS Exhibit 18. I'm
22 going to ask you a couple of questions about the first
23 paragraph, and then a couple of questions about the
24 fourth news item down.

01:55 25 Have you had a chance to look it over?

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01:55 1 A. I have.

2 Q. Okay, DS Exhibit 18, for the record, is an

3 e-mail from [REDACTED] at

4 [REDACTED].com, sent December 28, 2017. Subject is

01:55 5 "Ripple Media Tracking." And I see your e-mail at the

6 bottom of a long list of other individuals at Ripple.

7 A. Yeah.

8 Q. Do you know who [REDACTED] is?

9 A. Vaguely.

01:55 10 Q. With that caveat, who do you understand [REDACTED]

11 [REDACTED] to be?

12 A. So I think I recall being on a distribution

13 list where they showed us news headlines over the course

14 of the day, the course of some period of time that may

01:55 15 be relevant to Ripple or XRP.

16 Q. Okay, did you have --

17 Did you believe they were retained in some capacity

18 as media relations or public relations?

19 A. That's -- that's my understanding.

01:56 20 Q. Okay, you couldn't be more specific about

21 what they had been retained to do?

22 A. No idea.

23 Q. All right. Did you receive media tracking

24 e-mails from [REDACTED] or other people regularly or was this

01:56 25 rarely? [REDACTED]

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01:56 1 A. Regularly.

2 Q. Regularly? Okay.

3 And without pinning you down to any particular
4 communication, what would these regular e-mails
01:56 5 typically include?

6 A. My recollection is they were a compilation of
7 the week's headlines and reputable news sources that
8 involved XRP, interesting things about the digital asset
9 markets or Ripple in general.

01:56 10 Q. Okay, so the first paragraph, the final
11 sentence talks about CNBC. It says "CNBC and others
12 report on the XRP price spike following the [REDACTED]
13 consortium announcement."

14 Do you see that?

01:57 15 A. Uh-huh.

16 MR. HECKER: Yes, you see that?

17 THE WITNESS: Yes, I see that.

18 BY MR. MOYE:

19 Q. Are you familiar with the [REDACTED] consortium
01:57 20 announcement?

21 A. I don't recall.

22 Q. Okay, are you familiar with [REDACTED]?

23 A. To some capacity.

24 Q. All right. So let's look down to the fourth
01:57 25 news item, I'd like you to review that and maybe that

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01:57 1 will refresh your recollection in some way.

2 A. Uh-huh.

3 (Pause.)

4 BY MR. MOYE:

01:58 5 Q. Okay, does that help at all, remembering that
6 there was an [REDACTED] consortium announcement and what it
7 might have included?

8 (Pause.)

9 THE WITNESS: No.

01:58 10 BY MR. MOYE:

11 Q. Okay, let me try one last -- let me give it
12 one last try.

13 As you understand Ripple's relationship with [REDACTED] --

14 A. Uh-huh.

01:58 15 Q. -- at some point in 2017, did Ripple announce
16 a new link to some Japanese credit card companies?

17 A. I don't recall.

18 Q. Okay, do you recall a price spike in XRP
19 after an announcement about [REDACTED] was made at any time?

01:58 20 A. I remember the price spike in question. I
21 don't remember that it had anything to do with -- I
22 don't recall linking it to an [REDACTED] announcement.

23 Q. Okay, so maybe this exhibit helps you, maybe
24 it doesn't. But do you recall when that price spiked,
01:59 25 whether it spiked in conjunction with an increase in

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01:59 1 Bitcoin, or whether it spiked independent of movement in
2 Bitcoin?

3 A. The price spike at the end December 2017,
4 through the beginning of January 2018, appeared
01:59 5 independent from any move in Bitcoin.

6 Q. And do you recall the price spike being in
7 the magnitude of about 20 percent?

8 A. The price spike from -- in 2017, from late
9 December 2017 to January 6th, 2018 was from essentially
01:59 10 25 cents to \$3.80.

11 Q. So way more than 20 percent?

12 A. Way more than 20 percent.

13 Q. And at that time, during that price spike,
14 would I be correct that the price of Bitcoin actually
02:00 15 went lower at some point?

16 A. That is -- that is my recollection.
17 Q. Okay, is there anything else about that price
18 spike that you can remember from your analysis at this
19 time? Anything else that you associated it with or
02:00 20 attributed it to?

21 A. My analysis at this time?
22 Q. At this time.
23 A. At this time, there were rumors that a
24 Coinbase listing might be -- might be happening,
02:00 25 including some screenshots that were posted on message

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02:00 1 boards ...

2 I believe there was news that a cross-border
3 payment was sent from Japan to Korea. There may have --
4 there may be other things in there.

02:00 5 Q. Okay, but that's what you can remember right
6 now?

7 A. Yeah.

8 Q. Okay, let's look at DS Exhibit 10.

9 (Pause.)

02:01 10 (Thereupon, a three-page e-mail chain with
11 top e-mail dated 1/31/18, from Dinuka
12 Samarasinghe to [REDACTED] et al. and attachment
13 was introduced as DS Exhibit 10 for
14 identification.)

02:01 15 BY MR. MOYE:

16 Q. All right. Mr. Samarasinghe,
17 DS Exhibit 10 --

18 (Thereupon, an informal discussion was
19 held off the record.)

02:01 20 BY MR. MOYE:

21 Q. DS Exhibit 10 appears to be an e-mail from --
22 the top e-mail appears to be an e-mail from you to
23 [REDACTED] at [REDACTED].com on
24 January 31st, 2018. Subject, "XRP."

02:02 25 And the first sentence says "Hi [REDACTED]. I work with

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02:02 1 Miguel on the XRP markets Team, and glad to hear you are
2 interested in an XRP loan."

3 Do you see that?

4 A. Yes.

02:02 5 Q. Okay, do you know who [REDACTED] was?

6 A. He was a trader at [REDACTED]

7 Q. What is [REDACTED]?

8 A. [REDACTED] is also a market maker that
9 traded in digital assets.

02:02 10 Q. It may be obvious, but can you explain the
11 purpose of you sending this e-mail to [REDACTED]?

12 A. Yeah. As I mentioned, one of the primary
13 responsibilities for -- or primary missions of the XRP
14 markets team was to increase liquidity for XRP.

02:02 15 We decided to move forward, attempting to partner
16 with market neutral -- essentially high frequency
17 trading companies to provide two-sided quotes on XRP,
18 essentially narrowing spreads to facilitate easier
19 trading.

02:03 20 Digital assets are different than, say, foreign
21 exchange or equities in that they have to be fully
22 funded at the time of trading on spot exchanges, T plus
23 zero, like instantaneous settlement.

24 The challenge a market maker has in making a
02:03 25 two-sided quote in these digital assets is sourcing

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02:03 1 working capital, i.e., holding on to the digital asset
2 to have an offer out, right?

3 You can imagine that having a large quantity of a
4 digital asset that is unhedged has a certain amount of
02:03 5 volatility, you have price risk. Our notion here was we
6 tried to partner with a -- again, a high frequency
7 market neutral market participants to produce tight
8 spreads by providing them with relatively low cost XRP
9 loans or leases.

02:04 10 Q. Are you aware of other loans being made to
11 market makers in the digital space that don't involve
12 XRP?

13 A. Yes.

14 Q. Okay, was this a new program in early 2018 or
02:04 15 is this something that had been going on for some period
16 of time?

17 A. I don't know that it was widespread at this
18 time. I certainly don't believe it was widespread in
19 XRP, which is why we tried to grow out the lending book
02:04 20 for XRP.

21 Q. Can you give me some idea of how often Ripple
22 made loans of this type to market makers?

23 A. I would say it's in the orders of five to 10.

24 Q. Five to 10 market makers, or five to continue
02:05 25 loans?

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02:05 1 A. Five to 10 market makers.

2 Q. Okay, and would each market maker get one

3 loan or could they get more than one loan?

4 A. They could get multiple tranches.

02:05 5 Q. And do you -- can you tell me anything about

6 the terms of the loan? Let's look at the top of page 2

7 and see if that helps.

8 (Pause.)

9 BY MR. MOYE:

02:05 10 Q. So before you answer this, this is a

11 statement by Mr. Vias to [REDACTED], not you, but I

12 believe you were copied on this e-mail.

13 A. Yep.

14 Q. And Mr. Vias says "We are indeed lending XRP

02:05 15 for folks to provide liquidity. Currently those monthly

16 loans in up to [REDACTED] -- [REDACTED] -- "USD" -- or U.S.

17 dollars -- "at [REDACTED] percent annual interest rate."

18 Do you see that?

19 A. Yes, sir.

02:06 20 Q. Okay, is that -- is that consistent with your

21 recollection of the type and/or frequency of loans

22 available to market makers?

23 A. I don't think they were uniform.

24 I think they were -- the terms of the loans were

02:06 25 different for various different market makers. I

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02:06 1 recall, for example, [REDACTED] having a very small loan
2 versus [REDACTED] having a much larger loan.

3 Q. That's " [REDACTED] ?

4 A. Yes.

02:06 5 Q. What were the differences in the amounts, do
6 you think?

7 A. I think [REDACTED] was -- I don't recall
8 exactly, but, say, \$ [REDACTED] versus [REDACTED] was in the
9 [REDACTED]

02:06 10 Q. [REDACTED] ?

11 A. Yes.

12 Q. Okay, so when Mr. Vias says "We're indeed
13 lending XRP for folks to provide liquidity," he may or
14 may not have been describing a standard loan package?

02:07 15 A. I don't believe the [REDACTED] at [REDACTED] percent
16 annual interest rate was uniform.

17 Q. Okay, the purpose of these loans was to
18 provide market liquidity, correct?

19 A. The purpose of these loans was to increase
02:07 20 liquidity.

21 Q. Thank you for that clarification.

22 And were they -- was the loan in -- just to
23 clarify, was the loan actually in U.S. dollars or was
24 the loan in U.S. dollar equivalent of XRP?

02:07 25 A. The loan was in units of XRP, though this was

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02:07 1 the U.S. dollar notional amount of XRP.

2 Q. So it would be -- in this case, if they
3 borrowed [REDACTED] it would have been [REDACTED]
4 worth of XRP units?

02:07 5 A. That is correct.

6 Q. And then how quickly would they have to pay
7 it back?

8 (Pause.)

9 THE WITNESS: I don't recall there being
02:08 10 a set term for many of these loans. You know,
11 some market participants returned portions of
12 the loans they were not using at any given
13 time. Some held on to them, so we did not
14 call back the loans frequently.

02:08 15 BY MR. MOYE:

16 Q. Okay, how did these loans help Ripple as a
17 company?

18 A. Again, we started the loan program to
19 increase liquidity for XRP. We would look at these --
02:08 20 we would have communications with the market makers who
21 had outstanding loans to determine essentially how often
22 they were turning over the loan size on a given day,
23 essentially how often they were trading the size of the
24 loan.

02:09 25 Q. Uh-huh.

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02:09 1 A. And the higher the multiple, the more, our
2 understanding was, that they were actively trading XRP.

3 Q. And do you believe these loans to provide
4 liquidity in the market also helped holders of XRP?

02:09 5 MR. HECKER: Objection to form,
6 foundation.

7 BY MR. MOYE:

8 Q. You can answer.

9 A. By providing tighter bid ask spreads in
02:09 10 general, I believe that it made it easier for market
11 participants to enter or exit an XRP position.

12 Q. Thank you.

13 And to follow up on some of our earlier comments, a
14 tighter spread and easier entry point might have aided
02:09 15 speculative traders; is that correct?

16 MR. HECKER: Objection to form.

17 MS. ZORNBERG: Objection.

18 BY MR. MOYE:

19 Q. You can answer.

02:09 20 A. It would have reduced costs for them to enter
21 and exit a similar size XRP position relative to a time
22 there weren't market participants -- or market makers
23 with loans.

24 Q. Okay, anything else that you can recall about
02:10 25 this lending program that we haven't already discussed?

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02:10 1 A. Nothing, off the top of my head.

2 Q. Okay, you can put that aside. Let's look at
3 DS Exhibit 11.

4 (An informal discussion was held off the
02:10 5 record.)

6 (Thereupon, a three-page e-mail chain with
7 top e-mail dated 3/22/18, from Dinuka
8 Samarasinghe to [REDACTED] et al. was
9 introduced as DS Exhibit 11 for identification.)

02:10 10 BY MR. MOYE:

11 Q. Okay, so for your reference on DS Exhibit 11,
12 I would like you to review the top e-mail from you, and
13 then the e-mail that begins at the bottom of page 1 and
14 goes over to the top of page 2.

02:11 15 Of course, you're free to look at other parts of
16 the e-mail as well.

17 A. Okay.

18 Q. Okay, so DS Exhibit 11, Mr. Samarasinghe, is
19 a set of e-mails, with the top e-mail being one that you
02:11 20 sent to [REDACTED] at [REDACTED] on
21 March 22nd, 2018. Subject "Program expansion."

22 Do you see that?

23 A. Yes, sir.

24 Q. Okay, I would like to direct your attention
02:12 25 to the bottom of the first page and the top of the

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02:12 1 second, which appears to be an e-mail that you sent to
2 [REDACTED] earlier that same day at 1:31 p.m.

3 Let me know when you're there.

4 A. Ready.

02:12 5 Q. Okay, can you tell me in your own words -- or
6 can you summarize what the purpose of that communication
7 was? What are you telling [REDACTED]

8 A. XRP programmatic sales -- well, let's take a
9 step back.

02:12 10 There are a large number of digital asset exchanges
11 globally. Market makers that we were connected to -- so
12 there's a large number of digital asset exchanges in the
13 world. That number increases. Volumes that occur on
14 these digital asset exchanges can shift from a set of
02:13 15 exchanges to a different set of exchanges based on any
16 number of criteria.

17 To minimize market impact on a small set of
18 exchanges where Ripple programmatic sales occurred, we
19 wanted to have as wide a breadth as possible of
02:13 20 exchanges for our programmatic liquidators to sell off.

21 Beyond that, we wanted to have redundancy. So in
22 case one market maker fell out of our program or was
23 unable to trade for some given period of time, we would
24 still have a market maker available on a given exchange.

02:13 25 Q. Do you use the term "redundancy" just to mean

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02:13 1 additional capacity, or does it have some other meaning
2 as well?

3 A. Redundancy, meaning if one stopped being able
4 to execute on that exchange, there would be essentially
02:14 5 another one capable of executing.

6 Q. Okay, so when your e-mail is entitled
7 "Program expansion," is that the expansion program you
8 were describing you want more market makers involved --
9 or more exchanges involved?

02:14 10 A. In this case, this is [REDACTED] approaching
11 us to see if we could use them to programmatically
12 liquidate on a large number of exchanges.

13 Q. So when you say "our goal is to have
14 redundant XRP sales presence basically on every major
02:14 15 exchange that sells XRP," what's the benefit to holders
16 of XRP, if any, to having additional exchanges
17 available?

18 MS. ZORNBERG: Objection to form. You
19 can answer.

02:15 20 THE WITNESS: Could you rephrase your
21 question, please?

22 BY MR. MOYE:

23 Q. Yes.

24 Does having XRP available for purchase and sale on
02:15 25 additional exchanges benefit holders of XRP?

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02:15 1 MS. ZORNBERG: Objection to form.

2 THE WITNESS: A new exchange that lists
3 XRP may benefit XRP speculators in that it
4 could possibly provide a new avenue for
demands for XRP or liquidity for XRP.

02:15 5

6 BY MR. MOYE:

7 Q. Okay, so directing your attention to the top
8 e-mail, it appears that [REDACTED] told you the
9 number of exchanges that [REDACTED] currently dealt with
02:15 10 and they were adding some; is that right?

11 A. Yes.

12 Q. And then what's your comment to him?

13 A. That of the exchanges they were in the
14 process of adding, we would prioritize getting them --
02:16 15 running their programmatic liquidators on Huobi, OKEX
16 and CEX.IO.

17 Q. Can you help me understand why you wanted
18 them to prioritize certain exchanges?

19 A. It could -- I don't remember exactly at this
02:16 20 time. However, the reasons could have been these were
21 new exchanges that we did not have redundancy on; i.e.,
22 our other programmatic liquidators did not have sales
23 presence on, or perhaps we were seeing high volumes on
24 these exchanges -- well, this -- this goes back to
02:16 25 redundancy. We wanted to have a sales presence on

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02:16 1 exchanges that were reporting high volume.

2 Q. And for purposes of this program expansion,
3 were you only talking about programmatic sales or were
4 you talking about other sales of XRP, including OTC
02:17 5 sales?

6 A. This is entirely programmatic sales.

7 Q. Okay, let's go to DS Exhibit 12.

8 (Pause.)

9 (Thereupon, a thirteen-page e-mail chain
02:17 10 dated 4/12/18, from [REDACTED] to Dinuka
11 Samarasinghe, Bates Nos. RPLI_SEC 0198978
12 through RPLI_SEC 0198990 was introduced as DS
13 Exhibit 12 for identification.)

14 BY MR. MOYE:

02:17 15 Q. Okay, please take a moment and review the
16 first page of DS Exhibit 12. I apologize for the
17 quality of the copy. It's small and it's not perfect.
18 If it's helpful, you can also look up on the big screen.

19 For the purpose of the record, DS Exhibit 12 is a
02:18 20 copy of an e-mail from [REDACTED] sent on April 12,
21 2018 to yourself at Ripple, and the subject is "Q1 2018
22 Quarterly markets Report." It's a multi-page document,
23 there's a number of comments and entries for other
24 individuals --

02:18 25 A. Uh-huh.

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02:18 1 Q. -- but the ones I want to ask you about are
2 your comments on the first page.

3 A. Okay.

4 Q. Mr. Samarasinghe, who is [REDACTED]?

02:18 5 A. [REDACTED] was an employee at Ripple. He
6 helped with communications. I don't recall -- I don't
7 recall his exact title.

8 Q. Okay, what is or was a quarterly markets
9 report?

02:19 10 A. Ripple began publishing, before the start of
11 my employment at Ripple, quarterly market reports on the
12 quarterly XRP markets which the initial aim was to give
13 transparency about how Ripple thought about XRP and a
14 the XRP market, and perhaps even more broadly, the
02:19 15 digital asset markets.

16 Q. Was it just Ripple thoughts or would it also
17 include data, like transactions an volume and price and
18 things like that?

19 A. It typically included the amount of XRP that
02:19 20 was sold by Ripple, progress on -- you know, it would
21 include correlation numbers, volatility numbers, things
22 that -- you know, quantitative measures we may have
23 thought were interesting -- that we may have thought
24 were interesting.

02:19 25 Q. Okay, and did you review these reports while

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02:20 1 you were still at [REDACTED] and dealing with Ripple?

2 A. I don't recall.

3 Q. Okay, so focusing just on your time at
4 Ripple, what was your role in reviewing or preparing or
02:20 5 assisting with the quarterly markets reports?

6 A. Relatively early in my career at Ripple, I
7 began drafting the quarterly markets reports, writing
8 the first -- maybe first couple of drafts before it went
9 to -- through any number of additional commenters and
02:20 10 contributors.

11 Q. How long did that continue?

12 A. Over time, my contribution to the markets
13 report diminished. I stopped writing the initial
14 drafts.

02:20 15 Toward the end, I was perhaps just making comments
16 and suggestions, and maybe just providing a minimal
17 amount of data analysis.

18 Q. In March and April of 2018, what would your
19 role have been in creating or reviewing the quarterly
02:21 20 markets report?

21 A. Most likely writing the first -- first couple
22 of drafts --

23 Q. Okay.

24 A. -- of at least a few sections.

02:21 25 Q. And did you review and provide comments on

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02:21 1 the other sections or were you mostly focused on the
2 other sections?

3 A. I did read the entire report and comment
4 broadly.

02:21 5 Q. As of April 2018, who would be reviewing and
6 either approving or editing your draft?

7 A. It went through many levels of review.
8 Initially, probably -- most likely Miguel Vias, and
9 typically the Comms team before going to morph

02:21 10 leadership, general counsel, and then final pass by the
11 CEO.

12 Q. Okay, with that backgrounds, let's look at
13 what's been -- what appears on this appears to be a
14 comment by Dinuka Samarasinghe, and I'm going to look at
02:22 15 the first comment. And, again, you can look at it -- if
16 your eyes are good, you can look at it on the paper or
17 up on the screen.

18 What is it you're saying? Can you summarize what
19 you're saying in the first comment --

02:22 20 A. Yes.

21 Q. -- on this document?

22 A. Coinbase rumors. So this -- I think you can
23 see this comment chain happened roughly in April of
24 2018.

02:22 25 Q. Yes.

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02:22 1 A. This is a look back on the Q1 markets report.
2 Included in the Q1 markets report was -- you know, was
3 the run up towards the ends of 2017, including early
4 2018, up to the three-plus dollars of XRP price on
02:22 5 January 6th.

6 I think I mentioned before included in this runup
7 were -- you know, market speculation and screenshots on
8 digital asset trading and news logs and -- that Coinbase
9 would list XRP.

02:23 10 I believe I had initially included Coinbase in
11 the -- one of the early drafts of the markets report as
12 what appeared to be going on in the market at the time,
13 according to people commenting in -- you know, in
14 Message boards or -- or like digital asset news
02:23 15 websites.

16 Q. Did you include that as a factor, in your
17 view, in the total price increase?

18 A. I didn't include it as a factor. I included
19 it as a rumor that was going on during --

02:23 20 Q. Okay.

21 A. -- the price rise.

22 Q. Okay, let's just focus on the first comment
23 here, and you can help me understand. You say "While
24 this isn't a great for a number of reasons (brings up
02:24 25 the pay-to-play discussion, brings up concerns that XRP

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02:24 1 is a security), it was certainly a big factor in what
2 people attributed the price rise."

3 So you say that sentence refers to Coinbase?

4 A. Yes.

02:24 5 Q. Okay, so --

6 A. The Coinbase rumors.

7 Q. The Coinbase rumors? Thanks.

8 What did you mean by the "pay-to-play discussions"?

9 A. So ultimately, in April of 2018, Coinbase did
02:24 10 not -- despite the rumors in the screenshots and
11 discussions, did not actually list XRP at this point.

12 So at this point, XRP had come off from a very high
13 price. And just like there were rumors on the way up,
14 there was speculation on the way down what happened,
02:25 15 right?

16 Q. Where was that speculation manifested?

17 A. Again, you know, message boards, you know,
18 digital asset news websites. And given there were
19 rumors on the way up that Coinbase would list it and
02:25 20 Coinbase did not list, there was speculation as to why
21 Coinbase did not list XRP.

22 Q. And did that speculation involve pay-to-play?

23 A. According to some messages.

24 Q. What did you mean when you use the phrase
02:25 25 here "by brings up pay-to-play discussions"?

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02:25 1 A. If I recall correctly, it is, you know,
2 message boards indicating maybe Ripple did not pay or
3 did not pay enough or did not offer to pay enough, or in
4 the case of concerns that XRP is a security, would be
02:25 5 concerns that maybe Coinbase believed or had an opinion
6 that XRP was a security.

7 Q. Okay, and when you say "It was certainly a
8 big factor to what people attributed the price rise,"
9 what part of what you said before is attributable to
02:26 10 that comment?

11 MS. ZORNBERG: Objection to form.

12 MR. MOYE: I will try this again.

13 THE WITNESS: Yeah.

14 BY MR. MOYE:

02:26 15 Q. What did you mean when you say "It was
16 certainly a big factor in what people attributed the
17 price rise"?

18 A. The price rise -- Coinbase rumors -- a
19 listing on Coinbase -- the -- sorry. I'm not being
02:26 20 clear.

21 The rumors that XRP would be listed on Coinbase
22 were a factor that market speculators attributed the
23 price rise of XRP.

24 Q. Okay, was this the first time you had heard
02:26 25 rumors among people that followed XRP about pay-to-play

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02:26 1 discussions?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: I don't recall it happening
4 before.

02:27 5 BY MR. MOYE:

6 Q. Was this the first time you had heard rumors
7 among people that followed XRP that XRP might be viewed
8 as a security?

9 A. Yes. I don't think it -- I don't think it
02:27 10 had even entered my consciousness up until that point.

11 Q. Okay, let's look at the second comment down.

12 A. Uh-huh.

13 Q. Why don't you summarize, first, what you're
14 trying to communicate in this comment, and then I will
02:27 15 ask you about different parts of it.

16 (Pause.)

17 THE WITNESS: Do you have the tweet?

18 BY MR. MOYE:

19 Q. Unfortunately, all I have is this.

02:27 20 Can you -- can you tell me in general what your
21 comment is about?

22 A. I do not recall what the tweet is here. It
23 appears to be some sort of tweet where I notice that --
24 you know, XRP -- after -- or -- or right around the time
02:28 25 or at least it coincided with the time where XRP price

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02:28 1 had been at its all-time high.

2 Q. Okay, was this a tweet by you, do you think?

3 A. No.

4 Q. Okay, was this a tweet by someone else in
02:28 5 Ripple?

6 MS. ZORNBERG: Objection.

7 THE WITNESS: I don't know.

8 BY MR. MOYE:

9 Q. Okay, let's see if this second sentence helps
02:29 10 us figure it out at all. You said just prior to this
11 tweet XRP had been at its all-time high, and this tweet
12 represented, without any exaggeration, the very
13 beginning of XRP's retracement in value.

14 Do you recall there being a tweet that was sort of
02:29 15 at a high point and -- and was at the beginning of -- of
16 a decline in value?

17 A. I don't recall.

18 Q. Okay. Who is Coinmarketcap?

19 A. Coinmarketcap is a website.

02:29 20 Q. And what are you referring to here?

21 A. So Coinmarketcap has --

22 It's a website that gives market data snap --
23 essentially real-time market data of a large number of
24 digital assets.

02:30 25 Q. Okay. Did you --

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02:30 1 At this time, did you have any view or opinion
2 about the cause of the decline in value of XRP or
3 decline in price of XRP?

4 MS. ZORNBERG: Objection to form.

02:30 5 MR. HECKER: Objection.

6 MR. MOYE: Only one of you has to do it.

7 THE WITNESS: I mean, how do you -- can
8 you -- I'm not sure if I understand the
9 question.

02:30 10 BY MR. MOYE:

11 Q. Yeah. When you were preparing the XRP
12 markets report --

13 A. Yes.

14 Q. -- at this point in time, and you noted there
02:30 15 was a decline in value and it appeared that you even
16 wanted to comment in some way or fashion about the
17 Coinbase listing, did you have an opinion at the time
18 about why XRP was declining in price?

19 A. No.

02:30 20 Q. Since then, have you had any views or
21 opinions about reasons why XRP might have been declining
22 in price at this time?

23 A. I find it hard to remember what I was
24 thinking in April of 2018.

02:31 25 Q. So I know it's hard, but that's a "no," a

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02:31 1 "hard no," you can't remember?

2 A. I don't remember what I was thinking in 2018.

3 Q. All right. Let's put aside DS Exhibit 12.

4 (Pause.)

02:31 5 (Thereupon, a two-page e-mail chain with

6 the top e-mail dated 9/18/18, from [REDACTED]

7 [REDACTED] to Brad Garlinghouse et al. was introduced

8 as DS Exhibit 13 for identification.)

9 BY MR. MOYE:

02:31 10 Q. So we're looking at DS Exhibit 13. So the --

11 for purposes of identification, the top part of

12 DS Exhibit 13 is an e-mail from [REDACTED] at

13 Ripple, sent Tuesday, September 18th, 2018, to

14 Brad Garlinghouse, Dinuka Samarasinghe, Miguel Vias, and

02:32 15 [REDACTED] And subject is "Fwd: XRP markets

16 Update."

17 Do you see that?

18 A. Yes.

19 Q. So I'm interested in asking you about the

02:32 20 e-mail which you sent, which is just below it, so why

21 don't you take a minute and look it over?

22 (Pause.)

23 THE WITNESS: Okay.

24 BY MR. MOYE:

02:33 25 Q. Okay, who is [REDACTED]?

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02:33 1 A. [REDACTED] was essentially head of
2 business development and corporate development at Ripple
3 for a period of time.

4 The markets team also reported to [REDACTED]
02:33 5 for a period of time.

6 Q. So obviously, there's no report attached, but
7 from the context of this e-mail, can you tell whether
8 she's asking about a draft XRP markets report update
9 that's being prepared, or whether she's asking about one
02:33 10 that's been issued?

11 A. It appears she forwarded my markets update
12 along to [REDACTED] and Brad Garlinghouse.

13 I think I mentioned earlier today that I provided,
14 for a period of time, daily market snapshots, quarterly
02:34 15 reports, the weekly sales presentations.

16 But on days where there were unusual market -- you
17 know, unusual XRP performances or general market
18 performances, I would write an ad hoc markets update.

19 This appears to be an ad hoc markets update, having
02:34 20 been written on a Tuesday at just afternoon, with the
21 24-hour return for XRP being 16 percent.

22 Q. Okay, from her question to you, do you think
23 she is agreeing with you that xRapid news and new
24 technicals may have contributed to the price rise, or is
02:34 25 she saying this might be an additional reason?

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02:35 1 MR. HECKER: Objection to form.
2 MS. ZORNBERG: Objection to form,
3 foundation.

4 THE WITNESS: The -- the way I would read
02:35 5 this is, she's summarizing, giving a too long,
6 TLDR, to Brad and [REDACTED], as to what I am saying
7 below.

8 BY MR. MOYE:

9 Q. Okay, maybe I'm mis- --did you say "too long,
02:35 10 TLDR"?

11 A. TLDR, too long, didn't read.

12 (Thereupon, an informal discussion was
13 held off the record.)

14 BY MR. MOYE:

02:35 15 Q. Got it. All right. That's fine.

16 All right. Let's do the longer version. Let's
17 look at what you wrote. Okay?

18 A. Okay.

19 Q. In the first paragraph of text below the
02:35 20 prices in the return, what are you bringing -- what are
21 you saying in the first paragraph?

22 A. What I'm pointing out here is XRP's return
23 over 24 hours is -- is an outlier compared to the
24 overall digital asset market cap and the rest of the top
02:36 25 10 digital assets on the -- on the 24 hours.

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02:36 1 Q. Okay, the second paragraph where it looks
2 like you have a comment and attach a link, is that -- is
3 that what I'm looking at?
4 A. Yes.
02:36 5 Q. Okay, so what's your comment in the second
6 paragraph?
7 A. Basically, it is unclear what is driving the
8 surge in XRP price.
9 Q. But you do point out the price jump is
02:36 10 welcome, right?
11 A. Yes.
12 Q. Welcome to who, in your mind?
13 A. I think in general over a long period of
14 time, a higher price in XRP does benefit Ripple.
02:36 15 Q. Okay, did it also benefit XRP holders?
16 MS. ZORNBERG: Object to form.
17 THE WITNESS: If they were able to lock
18 in an increase in price.
19 BY MR. MOYE:
02:37 20 Q. Okay, and did you think -- or as -- when you
21 were a Ripple employee, was that something that you
22 think was in your mind from time to time, that this
23 price movement is good, not only for Ripple, but for XRP
24 holders, or this is price movement was bad, not only for
02:37 25 Ripple, but for XRP holders?

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02:37 1 MS. ZORNBERG: Objection to form.

2 MR. HECKER: Objection.

3 BY MR. MOYE:

4 Q. You can answer.

02:37 5 A. In my mind, over the long term, an increase
6 in price would benefit both XRP holders and Ripple.

7 Q. Okay, and would that same -- would the
8 reverse be true about a long-term decline in the value
9 of XRP or the price of XRP?

02:37 10 A. That's true.

11 MS. ZORNBERG: Object to form.

12 BY MR. MOYE:

13 Q. Bad for Ripple and bad for holders?

14 A. In my opinion.

02:37 15 Q. Okay, let's go to the third paragraph, which
16 it looks like it's attaching a link as well. We're
17 still on the first page.

18 A. Oh, sorry.

19 Q. Third paragraph starts out "Neither are OTC
02:37 20 buyers."

21 A. Uh-huh.

22 Q. What are you communicating there?

23 A. Part of the -- the markets team at Ripple did
24 not actively trade XRP, all right? We did not enter buy
02:38 25 orders or sell orders, so our pulse of the market was

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02:38 1 typically secondhand.

2 We would communicate to other market participants
3 that were, I guess, more in the front lines, as you
4 would, to get our market intelligence to -- you know,
02:38 5 whether it was rumors they were hearing, flows they were
6 seeing, any unusual activity they were seeing on the
7 exchanges.

8 Q. Are you summarizing what the markets team was
9 thinking or was this your own analysis that you --

02:38 10 A. In this -- September 18th, 2018, I was -- the
11 markets team largely consisted of Miguel and me, so ...

12 Q. All right. You weren't forwarding someone
13 else's views, right?

14 A. No.

02:39 15 Q. Either you believed this yourself or you both
16 believed it; is that correct?

17 A. Correct.

18 Q. Okay, so for this third short paragraph of
19 text, you say "OTC buyers and programmatic sellers are
02:39 20 not seeing anything out of the ordinary," right?

21 A. Correct.

22 Q. And then you also say "The market may be
23 reacting to a CNBC report claiming Ripple hinted its
24 cryptocurrency product to go live next month or so."

02:39 25 Do you see that?

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02:39 1 A. Yes.

2 Q. Okay, is it fair to say that at the time you
3 prepared and sent this report, that you believed that
4 was one possible explanation for the daily increase in
02:39 5 price?

6 MS. ZORNBERG: I'm going to object to
7 form.

8 BY MR. MOYE:

9 Q. You can answer.

02:39 10 A. Yes.

11 Q. You wouldn't have said anything in this
12 report that you didn't believe, would you?

13 A. That's correct.

14 Q. All right. So the next paragraph is a very
02:39 15 short phrase with a long link to it but it starts out "A
16 misleading headline."

17 Do you see that?

18 A. Uh-huh.

19 Q. Can you read that?

02:40 20 A. "A misleading headline saying that XRP is Not
21 a security."

22 Q. Okay, am I correct that you thought this is
23 another possible reason for the significant increase in
24 price during this day?

02:40 25 A. A possible reason.

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02:40 1 Q. Not necessarily the reason, it was one of
2 self, but you thought it was a possible reason?

3 MR. HECKER: Objection to form.

4 MS. ZORNBERG: Objection.

02:40 5 (Thereupon, an informal discussion was
6 held off the record.)

7 MR. MOYE: Let me rephrase that.

8 BY MR. MOYE:

9 Q. At the time you sent this intra-day report,
02:40 10 did you believe that a misleading headline saying XRP is
11 not a security is one possible factor in the significant
12 rise in price?

13 A. I believe so.

14 Q. Okay, can you tell from the link or do you
02:40 15 remember where the headline appeared that said XRP is
16 not a security?

17 A. It appears to be cryptoglobe.com.

18 Q. Okay, and what is cryptoglobe.com?

19 A. Probably a less well regarded digital asset
02:41 20 news website.

21 Q. Okay, now, I know this may tax your memory
22 and you should just tell me if you disagree, but after
23 the www.cryptoglobe, there's some numbers, but --
24 there's some text that says "XRP-is-not a security
02:41 25 global-crypto regulatory. Narrative is changing.

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02:41 1 Ripple executive says."

2 Do you see that?

3 A. Yes.

4 Q. Do you understand that to be either the title
02:41 5 of the cryptoglobe piece or something that was included
6 perhaps in the cryptoglobe piece?

7 A. I do not recall.

8 Q. Okay, do you have any reason to think that
9 the cryptoglobe piece, whose title you said was
02:42 10 misleading, could have been based on a statement by a
11 Ripple executive?

12 A. I -- I can't say.

13 Q. But you can't say it didn't happen, right?

14 MR. HECKER: Objection to form. Just to
02:42 15 clarify, his testimony is he didn't know, so.

16 MR. MOYE: Well, he's got to say it.

17 THE WITNESS: I can't say that it
18 doesn't -- didn't.

19 MR. MOYE: All right. Fair enough.

02:42 20 BY MR. MOYE:

21 Q. And then let's look at the bottom of that
22 first page, and that will be it for this document.

23 But at the bottom of the first page, could you read
24 the text that you put in before the link?

02:42 25 A. "The article does go on to say that Ripple is

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02:42 1 engaging the SEC or" -- sorry, parentheses, though "The
2 article does go on to say that Ripple is engaging the
3 SEC, or a few days old piece of news that NCB of
4 Saudi Arabia is joining RippleNet."

02:43 5 Q. Okay, and would I be correct that this is
6 another piece of news or chatter out there that you
7 think is one possible explanation for the rise in price?

8 A. It's possible.

9 Q. Would you have included it if you thought
02:43 10 there was no possibility it was linked to the price
11 rise?

12 MR. HECKER: Objection to form.

13 MS. ZORNBERG: Objection.

14 THE WITNESS: I would not have included
02:43 15 it if I did not believe it was possible it
16 contributed to the price rise.

17 BY MR. MOYE:

18 Q. Okay, anything else that you can remember
19 about this price rise or the reasons you attributed to
02:43 20 it, before we move on?

21 MR. HECKER: Objection to the form of
22 that question.

23 BY MR. MOYE:

24 Q. Is there anything else you want to add to
02:43 25 your prior testimony about this exhibit?

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02:43 1 A. No, sir.

2 Q. Okay. Let's move on to DS Exhibit 14.

3 (Thereupon, an informal discussion was
4 held off the record.)

02:44 5 (Thereupon, a one-page e-mail chain with
6 the top e-mail dated 7/17/19, from [REDACTED]
7 to [REDACTED].com et al. was
8 introduced as DS Exhibit 14 for identification.)

9 THE VIDEOGRAPHER: This will conclude
02:44 10 Video No. 3 in the deposition of
11 Dinuka Samarasinghe.

12 We are off the record at 2:44 p.m.,
13 June 9th, 2021.

14 (Recess taken at 2:44 p.m.)

02:44 15 (Resumed at 2:56 p.m.)

16 THE VIDEOGRAPHER: This is the beginning
17 of Video No. 4 in the deposition of
18 Dinuka Samarasinghe. We are on the record at
19 2:56 p.m., June 9th, 2021.

02:56 20 BY MR. MOYE:

21 Q. Mr. Samarasinghe, do you have a copy of
22 DS Exhibit 14?

23 A. Yes, sir.

24 Q. DS Exhibit 14 is a copy of an e-mail from
02:56 25 [REDACTED] at Ripple, to

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02:56 1 [REDACTED] at [REDACTED] on July 17th,
2 2019. Subject is "April XRP Sales."

3 Do you see that?

4 A. I do.

02:57 5 Q. Do you recall the circumstance -- I'm sorry.

6 Do you recall a time when [REDACTED] asked to be
7 compensated or reimbursed for XRP that it was holding in
8 its own inventory?

9 A. I do.

02:57 10 Q. Can you tell me what the issue or
11 disagreement was and what the result was?

12 A. My recollection was that Ripple instructed,
13 or sent instructions, to the programmatic liquidators to
14 stop programmatic XRP liquidation.

02:57 15 [REDACTED] did not turn off their liquidators in
16 time, or in a timely fashion, and wound up selling their
17 own inventory of XRP as opposed to inventory that was
18 dispersed by XRP II to the programmatic liquidators and
19 wound up selling their own inventory.

02:58 20 [REDACTED] asked to be reimbursed for the XRP that
21 they sold following the instructions and Ripple
22 declined.

23 Q. So I would like to try to unpack that a
24 little bit.

02:58 25 So you mentioned [REDACTED] holding XRP in its own

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02:58 1 inventory. What do you mean by that?

2 A. [REDACTED] had holdings of XRP that they sold
3 that were not part of the XRP that was delivered to be
4 sold via programmatic liquidation.

02:59 5 Q. Do you mean that [REDACTED] held an
6 investment in XRP or that it purchased XRP for its own
7 purposes?

8 MS. ZORNBERG: Objection.

9 MR. HECKER: Objection to form,
02:59 10 foundation.

11 BY MR. MOYE:

12 Q. You can answer.

13 A. I do not know.

14 Q. Okay, well, what do you understand is meant
02:59 15 by for its own inventory? Inventory for what purpose?

16 MR. HECKER: Objection to form,
17 foundation.

18 THE WITNESS: I do not -- I do not know
19 for what purposes they held XRP.

02:59 20 BY MR. MOYE:

21 Q. When you were at [REDACTED] did [REDACTED]
22 hold an inventory of XRP, as that phrase is used in this
23 e-mail?

24 MR. HECKER: Objection to form,
02:59 25 foundation.

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02:59 1 THE WITNESS: When I was at [REDACTED]
2 [REDACTED] did have -- did hold XRP as
3 inventory to make two-sided markets on -- on
4 different corridors, as well as to liquidate
02:59 5 to pay for services, payroll, infrastructure.

6 BY MR. MOYE:

7 Q. Okay, can you tell me, if you know, why
8 [REDACTED] wanted Ripple to pay for sales from its own
9 inventory, why [REDACTED] believed that was appropriate
03:00 10 under the contract or agreement with Ripple?

11 MR. HECKER: Objection to form.

12 MS. ZORNBERG: Objection to form.

13 THE WITNESS: I don't know.

14 BY MR. MOYE:

03:00 15 Q. Okay, can you tell me why Ripple thought that
16 was not appropriate or not part of the trading
17 agreement?

18 MS. ZORNBERG: Object to form.

19 (Pause.)

03:00 20 MS. ZORNBERG: You're asking him beyond
21 the words on the page?

22 (Cross-talk.)

23 MR. MOYE: I'm asking -- I'm asking if he
24 knows.

03:00 25 THE WITNESS: I don't recall. I vaguely

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03:00 1 recall there being some compliance reason for
2 it.

3 BY MR. MOYE:

4 Q. Okay, did --

03:00 5 After this disagreement or request which was
6 denied, did [REDACTED] continue to process trades of
7 XRP?

8 A. We ended our relationship with them to
9 service programmatic liquidations shortly thereafter.

03:01 10 Q. Was this one of the reasons the relationship
11 ended, this event?

12 A. This was an -- one of several reasons. They
13 also had dramatically worse performance, conversion --

14 Q. Did you say "grammatically" or
03:01 15 "dramatically"?

16 A. -- dramatically worse performance than our
17 other two programmatic liquidators.

18 Q. Okay, and which performance? You meant that
19 they were able to sell less than the others?

03:01 20 A. Their conversion rate of XRP to U.S. dollar
21 was worse than the abilities of our other market makers.

22 Q. Okay, and do you recall when this
23 relationship ended, more or less?

24 A. Shortly around this time.

03:01 25 Q. All right. Let's take a look at

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03:01 1 DS Exhibit 15.

2 (Thereupon, a two-page e-mail dated
3 9/3/19, from [REDACTED] to
4 [REDACTED]@ripple.com, Bates Nos. RPLI_SEC
03:01 5 0295504 through RPLI_SEC 0295505 was introduced
6 as DS Exhibit 15 for identification.)

7 BY MR. MOYE:

8 Q. Mr. Samarasinghe, before asking you about
9 this document, DS Exhibit 15, I want to point out a
03:02 10 couple things to you.

11 First is that there are some parts of this document
12 that are whited out with the word "Redacted." It's my
13 understanding there has been a claim of privilege
14 asserted over that.

03:02 15 So if, for whatever reason, you think my question
16 calls for you to disclose what might have been discussed
17 or might have been obscured by that, please don't do
18 that. Please don't reveal any privileged information.

19 In most of the comments in this e-mail are made not
03:02 20 by you, but by someone else, so I wanted to mention that
21 up front.

22 Okay. Please take a moment and review what's been
23 marked as DS Exhibit 15. For the record, it's a message
24 from [REDACTED] to Dinuka Samarasinghe at Ripple.com,
03:03 25 and the subject is "Responsible Stewa, [REDACTED] - can

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03:03 1 we also focus on [REDACTED] " Let me know when you've had a
2 chance to review it.

3 A. Okay.

4 Q. Okay. Do you know who [REDACTED] is?

03:04 5 A. Yes.

6 Q. Who is [REDACTED]

7 A. [REDACTED] was another member of the
8 markets team. He was a senior manager. I worked side
9 by side with him for a period of time.

03:04 10 Q. Okay. Looks like these -- a number of these
11 are responses by him.

12 Did you create a report or did someone in your unit
13 create a report called "Responsible Stewards of XRP"?

14 A. I believe so.

03:04 15 Q. Who created that?

16 A. I believe it was a joint effort between
17 [REDACTED], Ms. Madigan, and myself.

18 Q. Okay, and can you summarize -- before we
19 start talking about these comments, can you summarize
03:04 20 what the purpose of this document was and what takeaway
21 you had from it?

22 A. To summarize, responsible stewards of XRP
23 was -- the markets team was trying to be a little bit
24 more aggressive in terms of future XRP deals to ensure
03:05 25 that they fit within a framework that we thought -- felt

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03:05 1 would be constructive to -- to the markets of -- to the
2 XRP markets.

3 Q. Okay, and at this time, who was the markets
4 team and who led it?

03:05 5 A. It was -- the markets team was
6 Breanne Madigan, Matthew Brown, myself, a gentleman
7 named Markus Infanger.

8 (Thereupon, an informal discussion was
9 held off the record.)

03:05 10 BY MR. MOYE:

11 Q. Okay, so let's focus on the first comment of
12 the first paragraph of text that we can see.

13 So my understanding is this is not a comment by
14 you, correct?

03:05 15 A. This is not a comment by you.

16 Q. But it's a comment that you received?

17 A. Yes.

18 Q. Okay, can you tell me what you understand
19 Mr. Brown to be saying in the first comment?

03:06 20 A. Yes. Any XRP that gets released into the
21 market -- let's rewind a little bit.

22 Inflation of a digital asset or inflation rate of a
23 digital asset is not actively defined anywhere. I don't
24 think that there's necessarily a consensus agreement on
03:06 25 what that should be.

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03:06 1 The XRP markets team believed that introduction of
2 XRP into the market by Ripple should be considered an
3 increase in the circulating supply. I think we used the
4 word "inflation" several times, but let's just -- let's
03:07 5 call it an increase in circulating supply.

6 We wanted to ensure future deals entered into by
7 Ripple that led to a disbursement of XRP was done so in
8 a measured fashion.

9 Q. Okay.

03:07 10 (Thereupon, an informal discussion was
11 held off the record.)

12 BY MR. MOYE:

13 Q. The phrase "the XRP market," either as you
14 use it or as used in these comments, what do you
03:07 15 understand the XRP market to consist of? Who -- who's
16 part it have?

17 (Pause.)

18 THE WITNESS: That's a broad question.

19 It involves infrastructure providers, entities
03:08 20 that list derivatives, custodians -- you know,
21 indices -- you know, anywhere from market
22 makers.

23 At this point, it is also entities using
24 ODL, but also digital asset speculators who
03:08 25 hold XRP.

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03:08 1 BY MR. MOYE:

2 Q. And when you're -- I understand this comment
3 is about -- appears to be about decreasing inflation --
4 or decreasingly inflationary.

03:08 5 Do you understand that term --

6 A. Yes.

7 Q. -- to mean reducing inflation?

8 A. That's correct.

9 Q. Okay, what aspect of the markets -- what
03:08 10 aspect is desired to be decreasing inflation? Price?
11 Volume? Volatility?

12 A. The number --

13 MR. HECKER: Objection to the form of the
14 question.

03:09 15 BY MR. MOYE:

16 Q. You can answer.

17 A. The markets team inspired to have reducing
18 quantities of XRP introduced into the market.

19 Q. So you still want -- the planned was still to
03:09 20 introduce XRP into the market but in quantities that are
21 smaller and smaller over time?

22 A. In terms --

23 MR. HECKER: Objection.

24 THE WITNESS: In terms of units of X --

03:09 25 MR. HECKER: Sorry. Just wait for a

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03:09 1 second. Objection to the form.

2 BY MR. MOYE:

3 Q. You can answer.

4 A. In terms of units of XRP.

03:09 5 Q. In terms of units of XRP. Okay.

6 Was there a goal of a number or a percentage or a
7 volume that you were trying to hit at some point as this
8 framework was put into effect?

9 MS. ZORNBERG: Objection to form.

03:09 10 THE WITNESS: At this point, it was
11 still, sort of, high level numbers. We did
12 not have any fixed metrics that we had settled
13 upon.

14 BY MR. MOYE:

03:10 15 Q. So there's a phrase in here that says "lean
16 toward inflation model with sales fit into inflation
17 model."

18 Was there an inflation model that the markets team
19 was evaluating or trying to implement?

03:10 20 A. The markets team aspired XRP supply
21 introduction to be what we called "fixed supply," which
22 would be a fixed unit, a fixed unit number of XRP to be
23 introduced at any given period of time.

24 Q. And what was the -- what was the hoped for
03:10 25 result, if you would implement that framework?

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03:11 1 (Pause.)

2 THE WITNESS: The hoped for result was
3 that ultimately having an orderly introduction
4 of XRP supply in XRP unit terms into the
03:11 5 market.

6 BY MR. MOYE:

7 Q. What was disorderly about the introduction of
8 supply at this time?

9 MR. HECKER: Objection to the form.

03:11 10 THE WITNESS: In September of 2019, if I
11 recall correctly, we had moved to a new basis
12 of percentage volume in terms of sales
13 measurement.

14 Historically, programmatic sales for XRP
03:11 15 had been done at a percentage of reported
16 volumes. From late 2018 through early 2019,
17 the markets team got increasingly concerned
18 that reported volumes were fake, or at least a
19 large portion of reported volumes were fake.

03:12 20 BY MR. MOYE:

21 Q. Reported volumes being too small, smaller
22 than the real volume?

23 A. No.

24 Q. Okay.

03:12 25 A. Larger than actual volume.

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03:12 1 Q. Okay. And what about after the first
2 quarter? What was the markets team --

3 A. That's -- no, after the first half.

4 So in the second half, we moved to a new bases.

03:12 5 After a long period of analyzing what may be a better
6 source of volume, we moved to a different bases of
7 volume, from [REDACTED] to [REDACTED] top tier,
8 which we believed was a much more conservative estimate
9 of global XRP volumes. That was -- that was one aspect.

03:12 10 The second aspect was a deal with [REDACTED] which the
11 markets team became aware of and had to begin servicing,
12 which essentially [REDACTED] bought units of XRP at a discount,
13 and from our analysis, appeared to be selling directly
14 to the market to monetize.

03:13 15 Q. Okay. We're going to talk more about that
16 second piece especially.

17 But before we move on, do you know why the markets
18 team wanted or desired to tie sales to existing volumes
19 of XRP?

03:13 20 Why was that a valuable comparison or limit?

21 MR. HECKER: Objection to the form.

22 THE WITNESS: That was something that was
23 put into place before I had joined Ripple.

24 The belief was, if Ripple sold XRP at a small
03:13 25 enough percentage of daily volume, it would

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03:13 1 have small -- or they were attempting to
2 minimize market -- negative market impact.

3 BY MR. MOYE:

4 Q. And what do you mean by "negative market
03:13 5 impact"?

6 A. Sales pressure in the market as XRP
7 programmatic liquidations were occurring.

8 Q. And when you say, "sales pressure," do you
9 mean as part of that price decline?

03:14 10 A. As part of that, yes.

11 Q. Okay, [REDACTED] mentions -- I can't tell if
12 he's recommending or saying it as a fact. He uses the
13 phrase "prohibit XRP sales at a discount without
14 escrow."

03:14 15 Is that a recommendation of this XRP sale at market
16 sales team, or is that something that has already been
17 adopted as a goal?

18 A. That was not something that was adopted as a
19 goal. That was aspirational.

03:14 20 Q. Okay, how about the next point, "Make any
21 spirit of deal explicit with respect to XRP"?

22 A. Yes, I believe all of this is aspirational.

23 Q. What does it mean to "make any spirit of the
24 deal explicit"?

03:15 25 (Pause.)

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03:15 1 BY MR. MOYE:

2 Q. Let me read a little more of what [REDACTED]
3 says and I'll ask you to agree whether he's described it
4 accurately.

03:15 5 In the last few lines of the first comment he said
6 "The spirit of [REDACTED] deal was that they hold on to some
7 XRP. The spirit of [REDACTED] deal is that they sell just
8 to their customers. Spirit of the [REDACTED] deal is that
9 they buy and hold."

03:15 10 Did you have any understanding of the term "spirit
11 of the deal," and did it relate to these arrangements
12 with these companies?

13 MS. ZORNBERG: Objection, compound.

14 BY MR. MOYE:

03:15 15 Q. You can answer.

16 A. It was my understanding that -- for example,
17 [REDACTED] has these correct. The [REDACTED] deal, from
18 our analysis, appeared that [REDACTED] monetized their
19 discount after claiming they were going to be long-term
03:16 20 holders of XRP.

21 Similar with [REDACTED].

22 Q. But as it turned out, each of these companies
23 decide not to be long-term holders and they were
24 monetizing their store of XRP; is that right?

03:16 25 A. That's correct.

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03:16 1 Q. Okay, and that was bad for Ripple how?

2 A. They were essentially causing large sell
3 pressure on the markets, aggressive sale activity into
4 the markets, increasing XRP inflation.

03:16 5 Q. And as part of that phenomena that you viewed
6 as negative, was there -- were there decreases in price
7 of XRP?

8 A. We measured not necessarily as a decrease in
9 price of XRP, but more as a decrease in XRP ratio versus
03:17 10 other digital assets.

11 Q. I understand. There were other factors, but
12 were there decreases in price that accompanied these
13 other phenomena that you saw?

14 A. Relative to other digital assets.

03:17 15 Q. Okay, if we go below the first redacted
16 column, there's a comment by [REDACTED] "Direct [REDACTED]
17 buybacks aren't happening, that was a hard no."

18 What's he referring to here? Do you have any
19 understanding?

03:17 20 A. Yes. The [REDACTED] deal essentially allowed [REDACTED] to
21 buy, over a period of time, a [REDACTED] dollars' worth of
22 XRP for a price of [REDACTED].

23 Q. So at a discount?

24 A. At a -- over the entire deal, roughly a
03:17 25 [REDACTED] percent discount.

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03:17 1 [REDACTED] would essentially buy at a -- you know, say, a
2 daily tranche or withdraw some sort of tranche on a
3 regular bases and sell immediately into the market,
4 according to our analysis. That's what it appeared to
03:18 5 be. And it appeared to be that they were just locking
6 in [REDACTED] percent by selling a dollar, right, into the
7 market.

8 Q. What's the buyback that's referred to here?

9 A. Ultimately, in terms of how we could reduce
03:18 10 XRP inflation, reduce XRP's sell pressure, you know, [REDACTED]
11 would -- you know, would buy -- we would essentially buy
12 XRP directly from [REDACTED] before they sold it into the
13 market.

14 Q. Was that a proposal or did that actually
03:18 15 happen?

16 A. I believe it was proposed to [REDACTED]

17 Q. And what was his response?

18 A. No.

19 Q. He would rather sell on the market than sell
03:19 20 back -- than sell the XRP back to Ripple?

21 A. Correct.

22 Q. And was that viewed as a good thing or a bad
23 thing in Ripple?

24 A. I don't recall how that was viewed. I -- I
03:19 25 do recall some consternation that [REDACTED] did not

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03:19 1 immediately agree to our proposed solution.

2 Q. Okay, so let's go to the bottom comment.

3 And, again, this is not you commenting, this is

4 Ms. Madigan.

03:19 5 But beginning in the middle of the first line and
6 continuing on, she says "heard from Dinuka today that I
7 think [REDACTED] "sees a window. Not sure we can
8 override [REDACTED] though."

9 Do you know what that comment relates to?

03:20 10 A. I don't recall.

11 Q. Okay. Did you personally see a possibility
12 to change [REDACTED] s mind about the proposal Ripple was
13 making?

14 Could you see an initiative that many others -- an
03:20 15 opportunity that maybe others didn't see?

16 A. Yes.

17 Q. What was that opportunity?

18 A. My recommendation was that Ripple pay [REDACTED]
19 purely the net benefit of the deal.

03:20 20 Q. In exchange for what, getting the XRP back?

21 A. No. So essentially, let's say, over
22 two years' period of time, [REDACTED] was to buy a [REDACTED]

23 dollars' worth of XRP for [REDACTED] Let's say

24 [REDACTED] percent of the deal went through, now they had --

03:20 25 they could buy [REDACTED] -- [REDACTED] for [REDACTED] percent less than

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03:21 1 that.

2 Q. Yep.

3 A. Right? So let's say -- what's [REDACTED] percent
4 less than -- whatever it is. Let's say it's -- let's
03:21 5 say they were going to buy the rest of it, \$ [REDACTED] --

6 [REDACTED] for [REDACTED] -

7 (Thereupon, an informal discussion was
8 held off the record.)

9 THE WITNESS: [REDACTED] dollars' worth
03:21 10 of XRP for [REDACTED] dollars' worth of
11 purchases, the net benefit to them would have
12 been, in that case, \$ [REDACTED]

13 I said very simply, let's just give [REDACTED]
14 [REDACTED] dollars' worth of [REDACTED] through the
03:21 15 remainder of this deal, give them a lower --
16 give them the new bases of sales percentage,
17 the [REDACTED] top tier compared to
18 [REDACTED] and that way we would reduce
19 XRP supply introduction, or XRP inflation
03:22 20 rate, through this deal alone by over
21 [REDACTED] percent.

22 BY MR. MOYE:

23 Q. And Ripple would hold on to XRP that would
24 have otherwise sold to [REDACTED]?

03:22 25 A. That's correct.

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03:22 1 Q. All right. And who did you make that
2 proposal to and how was it received?

3 A. I initially proposed it to Breanne Madigan
4 and [REDACTED]. They liked the idea. We had a meeting
03:22 5 with members of [REDACTED] which was the crypto market
6 making team at [REDACTED], and they seemed receptive to it.
7 Communicated this to leadership at Ripple.

8 Q. And then what happened?

9 A. Over some period of time, [REDACTED] agreed to
03:23 10 something very close to the recommendation.

11 Q. Okay, let's turn over the page after the
12 comment from Ms. Madigan, there's a comment from
[REDACTED]

13 [REDACTED] It begins "Q3 markets report will be fine."

14 Do you see that?

03:23 15 A. Uh-huh.

16 Q. Okay, and in the end of the second line of
17 his comment, he says "D has identified a really
18 dangerous structural problem with the [REDACTED] deal."

19 Now, do you believe the "D" he's referring to is
03:23 20 you, Dinuka?

21 A. Yes, it is.

22 Q. Okay, and do you recall identifying what
23 [REDACTED] describes as "a really dangerous structural
24 problem with the [REDACTED] deal"?

03:23 25 A. Yes, I do.

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03:23 1 Q. What was that problem?

2 A. The amount of XRP purchased by [REDACTED] was in
3 dollar terms, not in XRP units terms.

4 Q. Okay.

03:24 5 A. So as they cause price impact on XRP, the
6 price of XRP would go lower, but the amount of XRP that
7 they would purchase for the same similar amount would go
8 up.

9 Q. So they would get more for less?

03:24 10 A. Increasingly more for less. So if our
11 concern was inflation rate of XRP, as the price went
12 lower to fulfill this deal, the inflation rate would
13 continuously slope up, leading to what we feared would
14 be potentially very serious for XRP.

03:24 15 Q. For XRP or for Ripple?

16 A. For XRP and -- you know, I think Ripple,
17 again, has a long-term interest in XRP price.

18 Q. Okay, and would that structural problem also
19 have been bad news for XRP holders?

03:25 20 A. I believe so.

21 (Pause.)

22 MR. MOYE: Just a moment.

23 (Pause.)

24 BY MR. MOYE:

03:25 25 Q. Can you look at the top of the second page?

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03:25 1 This is continuing a Breanne Madigan comment.

2 A. Uh-huh.

3 Q. She says:

4 "We have to focus on finding a way to get the
03:26 5 supply back. V worried about XRP at 0.20 and lower
6 otherwise. I dread q3 report if we don't take swift,
7 creative action now."

8 What do you understand Ms. Madigan to be saying in
9 this comment?

03:26 10 (Pause.)

11 THE WITNESS: I don't -- I don't know.

12 BY MR. MOYE:

13 Q. When she says "I dread," in all caps, "q3
14 report if we don't take swift, creative action now," do
03:26 15 you think she's referring to the Q3 markets report?

16 A. That's correct.

17 Q. And when she says "I dread," do you think
18 she's concerned about how that report will be received?

19 A. I believe so.

03:26 20 Q. And when she says "V worried about XRP at
21 0.20," do you think she's talking about the [redacted] deal or
22 something else?

23 MS. ZORNBERG: Objection to form.

24 THE WITNESS: I don't recall.

25

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03:27 1 BY MR. MOYE:

2 Q. I realize you're not her, but isn't the
3 premise of these comments that [REDACTED] is getting to
4 purchase XRP at a [REDACTED] percent discount?

03:27 5 A. Yes.

6 Q. Is there anything else or any other entity
7 that you were aware of at this time that was able to
8 purchase XRP at a [REDACTED] percent discount?

9 A. Not to my knowledge.

03:27 10 Q. Do you know whether the XRP market, however
11 it was defined, knew that [REDACTED] was able to buy XRP at a
12 [REDACTED] percent discount?

13 MR. HECKER: Objection to form.

14 THE WITNESS: No.

03:27 15 BY MR. MOYE:

16 Q. Is that you don't know, or you don't believe
17 people knew?

18 A. I don't --

19 MR. HECKER: Same objection.

03:27 20 BY MR. MOYE:

21 Q. You can answer.

22 A. I don't believe people knew.

23 Q. Okay. And is there something about the Q3
24 market report, either as drafted or the phenomena, that
03:27 25 you'd be describing it, that you think would have

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03:27 1 revealed that dynamic with [REDACTED]?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: It would have been visible
4 to a sophisticated observer.

03:28 5 (Thereupon, a two-page e-mail dated

6 10/15/19, from Breanne Madigan to

7 [REDACTED]@ripple.com, Bates Nos. RPLI_SEC 0518302
8 through 0518303, was introduced as DS Exhibit
9 16 for identification.)

03:28 10 BY MR. MOYE:

11 Q. Okay. Let's go to DS Exhibit 16.

12 Mr. Samarasinghe, DS Exhibit 16 are messages -- top
13 message shows from Breanne Madigan, sent on
14 October 15th, 2019 to [REDACTED]@ripple.

03:29 15 Is that Ethan Beard?

16 A. Yes.

17 Q. And the subject is "Q3 markets Report."

18 There's a comment from you about halfway down this
19 first page, right underneath [REDACTED]

03:29 20 Can you tell me what comment you're making or what
21 point you're trying to communicate?

22 A. I think Ethan Beard's point here is -- you
23 know, I think we were discussing earlier today, or at
24 least I made a comment earlier today, that inflation
03:30 25 rate of the digital asset is not clearly defined

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03:30 1 anywhere.

2 In the case of XRP, all XRP that was ever created
3 was created at the Genesis block. So there is an
4 argument that there is no inflation of XRP. It's purely
03:30 5 deflationary.

6 Q. How does your comment relate to that concept?

7 A. I'm -- I'm challenging that -- that line of
8 thinking, and from, I think ...

9 (Pause.)

03:30 10 THE WITNESS: And I try to use parallels
11 to other assets that are hoarded, that do get
12 considered part of outstanding supply.

13 BY MR. MOYE:

14 Q. Okay, so your comment here that says "Ripple
03:31 15 sales and other releases to partners from its unlocked
16 pool of holdings act as a distribution of XRP, similar
17 to how BTC gets distributed by unlocking a block."
18 That's what you believed at the time?

19 A. That's correct.

03:31 20 Q. As you sit here today, do you still agree
21 with that comment?

22 A. I do.

23 Q. Okay, let's look on the back for another
24 comment from you. So it looks like there's some
03:31 25 continued discussion on these issues and you begin by

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03:31 1 saying "This has the makings of a very good
2 philosophical debate."

3 (Thereupon, an informal discussion was
4 held off the record.)

03:31 5 MR. MOYE: Mr. Samarasinghe's comment
6 begins under [REDACTED].

7 BY MR. MOYE:

8 Q. Please go to the second paragraph of your
9 comment. Could you read the first sentence of the
03:32 10 second paragraph of your comment?

11 A. "We have recently messaged publicly (i.e.
12 Bloomberg) that XRP increase in supply has been lower
13 than BTC and ETH, so I think this is an important point
14 that needs to be in this report, especially after the
03:32 15 allegations of dumping."

16 Q. Before you go on, the last part of the
17 sentence, "allegations of dumping." What are you
18 referring to?

19 A. There were rumors and speculation that from
03:32 20 XRP speculators that Ripple, the company, was dumping,
21 selling very aggressively its holdings of XRP.

22 Q. Okay, and you thought as a result of those
23 allegations, something ought to be included or changed
24 or strengthened in the next XRP markets report?

03:33 25 A. That's correct.

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03:33 1 Q. Okay, what is it you wanted to say, more or
2 less?

3 A. I wanted to -- I wanted for us to regularly
4 include XRP's inflation rate --

03:33 5 Q. And --

6 A. -- as we calculate it had.

7 Q. As the markets team calculated it or as
8 Ripple as a whole?

9 A. At this point, I think it is the markets team
03:33 10 would make a recommendation of how we should -- we
11 believed it should be calculated.

12 Q. Okay, in the last sentence, you talk about
13 "WoW change in TOTAL XRP DISTRIBUTED." Is that the
14 formulation or the ratio that you wanted to -- that you
03:33 15 wanted to use or see used?

16 A. At the time, yes.

17 Q. Okay. Do you still think that is the best --
18 would have been the best way to describe the -- I don't
19 want to say ratio -- the rate of inflation?

03:33 20 Do you still think that is the best way of
21 inflation for XRP should be described?

22 (Pause.)

23 THE WITNESS: I don't know the -- the
24 best way, the rate of inflation of XRP should
03:34 25 be described.

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03:34 1 BY MR. MOYE:

2 Q. You still think your way would have been a
3 good way?

4 A. I think it would have been a perfectly valid
03:34 5 way.

6 Q. Okay, who at Ripple, if anyone, disagreed
7 with you on that?

8 MR. HECKER: Objection to the form.

9 THE WITNESS: That the week-on-week
03:34 10 change would be a good way to go ... I think
11 Ethan Beard, for one, and I don't think I got
12 much pushback outside of that.

13 BY MR. MOYE:

14 Q. Was the week-on-week method of describing it
03:34 15 ever adopted within Ripple?

16 A. Not to my knowledge.

17 Q. Okay. Let's move on to DS Exhibit 17.

18 (An informal discussion was held off the
19 record.)

03:35 20 (Thereupon, a five-page e-mail chain with
21 top e-mail dated 11/16/19, from [REDACTED] to
22 [REDACTED] et al., was introduced as DS
23 Exhibit 17 for identification.)

24 BY MR. MOYE:

03:35 25 Q. All right. Please review -- or please take a

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03:35 1 look at DS Exhibit 17. This appears to be a copy of a
2 message from [REDACTED] at Ripple, dated November 16th,
3 2019, to a distribution list, including yourself, and
4 the subject is "MGI - Ripple weekly call followup."

03:36 5 This e-mail forwards or includes a message that was
6 apparently sent to you and, I believe, [REDACTED] is
7 that right? [REDACTED]?

8 A. [REDACTED] yeah.

9 Q. Okay. And someone named [REDACTED]

03:36 10 writes "We had our weekly call with Coins yesterday, and
11 they did raise concern that our market makers don't post
12 any ask orders."

13 Do you understand what she means by that?

14 A. Yes.

03:36 15 Q. What does it mean?

16 A. Coins is short for Coins Pro digital asset
17 exchange in the Philippines, who is an ODL partner. And
18 ODL essentially, a destination exchange. Coins had
19 near-zero liquidity at the time, I think under \$20,000 a

03:37 20 day worth of XRP versus Filipino peso daily notional
21 volume.

22 And so intercept order flow through the ODL
23 product, we had market makers on Coins Pro placing bids
24 for XRP with Filipino peso.

03:37 25 Because order flow was essentially one directional,

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03:37 1 U.S. to Philippines, Australia to Philippines, the
2 market makers were not placing ask quotes for --
3 offering XRP for a Filipino peso. Essentially just a
4 one-sided quote.

03:38 5 Coins had an idiosyncrasy with their engine such
6 that if there weren't offer quotes available on the
7 market for a certain size, orders -- I forget exactly
8 what happened, but -- you know, I forget exactly how the
9 product worked, but it was causing some sort of issue on
03:38 10 the Coins network.

11 Q. Were the spreads widening or narrowing?

12 A. Well, there was no spread, because there was
13 no opposite side.

14 Q. The second sentence here, maybe you can help
03:38 15 me understand it, reads ' [REDACTED] said last week, there
16 were times when there was no market maker at all on ask
17 side, so bid-ask spread reached 7 percent on the order
18 book.'

19 Do you see that?

03:39 20 A. Uh-huh.

21 Q. So is that a widening or narrowing of the
22 spread?

23 A. That is a widening, so she's talking about --
24 you know, offers of -- for -- offers of XRP for Filipino
03:39 25 peso from the natural liquidity down that order book,

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03:39 1 not from the market makers.

2 Q. Okay, and then what's the -- what's your
3 uptake or what's your understanding of the last sentence
4 in that -- in that first paragraph, "This week, they are
03:39 5 seeing one market maker"?

6 A. Yes. So one of our market makers who was
7 posting an ask, so the one market maker was posting a
8 two-sided quote; however that -- that quote was not of
9 appropriate size that they needed.

03:39 10 Q. Okay, let's turn now to the second page and
11 look at some comments by you. The one at the top,
12 Friday, November 15 at 8:38 p.m.

13 What are you trying to communicate here?

14 A. Sorry, which one?

03:40 15 Q. The top of page 2 --

16 A. Yeah.

17 Q. -- your comment at 8:30 p.m. "Do we know
18 what reference rate MGI uses"?

19 A. Okay, so in foreign exchange trading, there
03:40 20 are different kinds of currencies that are more freely
21 tradeable. For example, USD, euro, yen, Aussie, Swiss
22 franc, they are tradeable, like, 24/5 with some
23 liquidity over the weekends on ECNs.

24 You can have a prime broker provide a quote that is
03:40 25 deliverable in these currencies for these times.

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03:40 1 Filipino peso is not one of these currencies. It's
2 considered a non-deliverable currency. Many -- you
3 know -- you know -- can't necessarily open up a
4 TD Ameritrade -- or interactive brokers account and get
03:41 5 deliverable Filipino peso, even if you're a serious
6 trading firm.

7 Q. Okay, let's go down to your next comment on
8 this page. It says Friday, November 15th at 5:20 p.m.
9 You say "Those spreads are concerning."

03:41 10 What are you trying to communicate?

11 (Pause.)

12 THE WITNESS: Okay, so the below -- the
13 comment by [REDACTED] on November 15th,
14 2019 at 8:02 says "Spreads pictured look a
03:42 15 little concerning. Am I reading those right
16 at 2.4 to 3 percent worse than spot?"

17 The ODL product in moving from one fiat
18 asset to another fiat asset with XRP as a
19 bridge in between gives you an implied or
03:43 20 theoretical conversion price. So if you're
21 moving XRP to US -- USD to XRP, XRP to
22 Filipino peso --

23 (Thereupon, an informal discussion was
24 held off the record.)

03:43 25 THE WITNESS: If you're moving USD to

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03:43 1 XRP, then XRP to Filipino peso, you get an
2 implied USD to Filipino peso conversion rate.
3 This is not the interbank FX rate or a
4 reference rate, but we measured that rate
5 compared to something, right?

6 In the case of Dollar MX, there is a
7 reference rate, because the Mexican peso is a
8 deliverable currency.

9 Filipino peso, because it's not a

03:44 10 deliverable currency, does not have a clear
11 reference rate during certain periods.
12 Weekend -- you know, etc.

13 And so we -- the question was, which
14 reference rate should the market makers use to
03:44 15 give their -- to basically imply their XRP PHP
16 price and how do we source this at hours where
17 that may not be available.

18 BY MR. MOYE:

19 Q. Did these comments that we've been talking
03:44 20 about suggest that at this point in time, the ODL
21 transaction system was working well or having problems?

22 MR. HECKER: Objection to form.

23 THE WITNESS: I actually think it implies
24 that it's work -- it's providing utility in
03:44 25 that it's giving a rate where other markets

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03:45 1 would not be able to do a similar conversion.

2 MR. MOYE: Okay, let's put that one
3 aside. Let's take a five-minute break now.

4 THE VIDEOGRAPHER: We are off the record.

03:45 5 The time is 3:45 p.m.

6 (Recess taken at 3:45 p.m.)

7 (Resumed at 3:57 p.m.)

8 THE VIDEOGRAPHER: We are back on the
9 record. The time is 3:57 p.m.

03:57 10 (An informal discussion was held off the
11 record.)

12 (Thereupon, a one-page e-mail dated 7/1/19
13 from Dinuka Samarasinghe to [REDACTED] et
14 al., Bates No. SEC-[REDACTED] E-0048590 was

03:57 15 introduced as DS Exhibit 35 for identification.)

16 BY MR. MOYE:

17 Q. Please take a moment and look at what's been
18 marked as DS Exhibit 35.

19 A. Okay.

03:58 20 Q. Mr. Samarasinghe, DS Exhibit 35 is a message
21 sent by you to [REDACTED] at [REDACTED].com on
22 July 21st, 2019. Let me know when you've had a chance
23 to look this over.

24 (Pause.)

03:59 25 THE WITNESS: Okay.

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03:59 1 BY MR. MOYE:

2 Q. Okay, what is Exhibit 35?

3 A. I'm providing a reference -- this is a draft
4 of a reference I'm producing for [REDACTED].

03:59 5 Q. And who are you sending it to?

6 A. I believe [REDACTED].

7 Q. Okay. In general, what are you -- what are
8 you describing in the draft?

9 A. Our trust in the team at [REDACTED]
04:00 10 through their history of XRP programmatic liquidation
11 and as an ODL market maker.

12 Q. Okay, I don't see ODL used in here, but I see
13 xRapid?

14 A. Yes.

04:00 15 Q. What is xRapid?

16 A. xRapid was the name of ODL before it was ODL.

17 Q. Okay. So I would like to ask you about the
18 first paragraph. Can you read the first sentence of the
19 last paragraph? It begins "A critical piece."

04:00 20 A. "A critical piece of the xRapid market making
21 project will involve [REDACTED] converting USD to
22 more exotic currencies such as Filipino peso and
23 Brazilian real and delivering them to various digital
24 asset exchanges (Coins.ph, [REDACTED] etc.). We are hopeful
04:00 25 [REDACTED] will help facilitate these transactions for

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04:01 1 [REDACTED]."

2 Q. Okay. So I want to make sure I'm
3 understanding your prior testimony and this currency
4 explanation of how this transaction system works.

04:01 5 If [REDACTED] converts U.S. dollars to exotic
6 currencies and delivers them to various digital assets
7 exchanges, how is it -- how is it delivering that?
8 What -- what's the method for delivering that?

9 A. So let's -- if you recall my earlier
04:01 10 testimony, the job of an ODL market maker is to source
11 local fiat to deliver to a digital asset exchange, to
12 essentially use that to place a bid for XRP that
13 essentially intercepts an ODL payment coming through in
14 the form of XRP.

04:02 15 Let's walk through the life cycle of a trade of an
16 ODL market maker. Let's say for hypothetical purposes,
17 I start with 1,000 Filipino peso, I place it on -- I
18 have this already delivered on Coins Pro -- I place a
19 bid for XRP using my inventory of Filipino peso. Let's
04:02 20 say that order gets hit. My inventory balance of
21 Filipino peso goes down, my inventory of XRP goes up.
22 You can certainly imagine where you run entirely out of
23 Filipino peso and you have entirely -- let's say for
24 arguments purposes, it's just 1,000 Filipino peso, all
04:02 25 that gets converted to XRP.

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04:02 1 To intercept the next ODL payment, I need to get
2 more Filipino peso, otherwise, I cannot place a bid, so
3 I have to convert XRP, what is now XRP, back into
4 Filipino peso.

04:03 5 I mentioned earlier that there's no liquidity
6 outside of our market makers for -- on the Coins Pro
7 order book. So the market makers have to move XRP
8 elsewhere into a different asset to source Filipino
9 peso.

04:03 10 Typically, the cycle works from the market maker
11 taking XRP, moving it to an exchange where they can
12 source U.S. dollar. So they sell the XRP for U.S.
13 dollar, now they withdraw the U.S. dollars from that
14 second digital asset exchange, convert it using an
04:03 15 entity like [REDACTED] to Filipino peso and then deliver
16 that to the digital asset exchange.

17 Q. As part of our prior discussion, did you
18 agree that traditional rails are used by the market
19 makers in some aspects of these transactions?

04:04 20 A. Typically, yes.

21 Q. Okay, so if market makers are using
22 traditional rails, why is XRP needed at all?

23 MS. ZORNBERG: Object to form.

24 BY MR. MOYE:

04:04 25 Q. You can answer.

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04:04 1 A. I think this -- XRP allows movement of value
2 from one, essentially borderless and close to free
3 24 hours a day. If a market maker can deliver Filipino
4 peso, they can still support orders, say, over weekends
04:04 5 and holidays where banks may be closed.

6 Q. So do you think it's greatest utility or the
7 greatest benefit of XRP is on weekends and holidays?

8 MR. HECKER: Objection to form,
9 mischaracterizes his testimony.

04:05 10 BY MR. MOYE:

11 Q. Did I understand your testimony correctly?

12 MR. HECKER: Same objection.

13 THE WITNESS: I don't think that's the
14 greatest utility.

04:05 15 BY MR. MOYE:

16 Q. Okay, do customers currently save money by
17 using XRP?

18 MS. ZORNBERG: Objection to form.

19 MR. HECKER: Objection to form.

04:05 20 BY MR. MOYE:

21 Q. You can answer.

22 A. I don't have the visibility into customer
23 finances.

24 Q. Do any reason to believe that customers save
04:05 25 money through the use of XRP in these foreign currency

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04:05 1 exchanges?

2 MR. HECKER: Same objection.

3 THE WITNESS: I don't know what a
4 customer might be using otherwise.

04:05 5 BY MR. MOYE:

6 Q. Doesn't the use of XRP for these foreign
7 currency transactions actually make the transaction more
8 costly?

9 MR. HECKER: Objection to form.

04:05 10 MS. ZORNBERG: Object to form and asked
11 and answered. Asked and answered now in
12 different ways.

13 MR. MOYE: He can answer.

14 THE WITNESS: Relevant to what? I don't
04:06 15 necessarily know what a -- what alternative a
16 specific entity may be using.

17 BY MR. MOYE:

18 Q. Is the use of XRP economical without
19 incentives and subsidies paid to customers by Ripple?

04:06 20 MS. ZORNBERG: Objection.

21 MR. HECKER: Objection to the form of the
22 question.

23 THE WITNESS: I think my response is the
24 same. Compared to -- to what? I -- I --

25

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04:06 1 BY MR. MOYE:

2 Q. Compared to using traditional rails?

3 (Pause.)

4 MS. ZORNBERG: Object to form.

04:06 5 THE WITNESS: Traditional rails can be
6 very expensive. I think having dealt in a
7 foreign exchange, you can significantly lower
8 your costs in sending a cross border or doing
9 a foreign exchange transaction, but that

04:07 10 typically involves a very expensive
11 infrastructure. Let's say you're talking
12 about, to do something similar, you would need
13 to have a prime brokerage relationship. You
14 would need to have -- you know, connectivity
04:07 15 to various different FX exchanges, perhaps an
16 EBS subscription or Thompson Reuters
17 subscription.

18 You know, the infrastructure a line that
19 we had, say, at [REDACTED] or at [REDACTED]

04:07 20 you know, cost over a million dollars a year.

21 BY MR. MOYE:

22 Q. Would a market maker choose to make a market
23 in XRP and other exotic currencies if they weren't being
24 paid or subsidized by Ripple?

04:07 25 MR. HECKER: Objection to form,

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04:07 1 foundation.

2 BY MR. MOYE:

3 Q. You can answer.

4 A. If they believed there was a profit in it.

04:08 5 Q. Are you aware of any market makers that --
6 that believe there's a profit enough to make a market in
7 XRP without receiving subsidies or payments by Ripple?

8 MS. ZORNBERG: Objection.

9 THE WITNESS: Making markets in XRP?

04:08 10 BY MR. MOYE:

11 Q. Yeah.

12 A. My understanding is there are a lot of
13 trading firms that make markets in XRP without being
14 subsidized by Ripple.

04:08 15 Q. Do you know the names of any of them?

16 A. [REDACTED] is one of them, [REDACTED],
17 [REDACTED].

18 (Pause.)

19 BY MR. MOYE:

04:09 20 Q. Based on your knowledge of Ripple, did Ripple
21 have a plan to stop paying market makers and paying
22 incentives to customers who transact -- who use XRP
23 to -- for their foreign currency transactions?

24 MS. ZORNBERG: Objection.

04:09 25 MR. HECKER: Foundation. I mean, he's a

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04:09 1 former employee.

2 BY MR. MOYE:

3 Q. Yeah, if you know.

4 A. I cannot speak to customers of -- of ODL. In
04:09 5 terms of my time as -- on the XRP Markets team, growing
6 natural liquidity for ODL support on destination
7 exchanges was something that we -- we aimed to make,
8 essentially providing liquidity sustainable.

9 This was communicated to the market makers and they
04:10 10 understood that there were certain features of the
11 market making deals that we hoped would lead towards the
12 growth of natural liquidity.

13 Q. And you're with GSR right now?

14 A. Yes, sir.

04:10 15 Q. And you're still dealing with Ripple
16 occasionally?

17 A. Yes.

18 Q. Okay, has that natural liquidity grown up as
19 expected or as anticipated by Ripple?

04:10 20 MR. HECKER: Objection to form.

21 THE WITNESS: I would imagine that the
22 growth of natural liquidity is slower than
23 Ripple expected.

24 BY MR. MOYE:

04:10 25 Q. So is it fair to say right now, Ripple is --

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04:10 1 as far as you know, Ripple is still paying market makers
2 to use XRP in foreign currency transactions?

3 MS. ZORNBERG: Objection.

4 MR. HECKER: Objection.

04:11 5 BY MR. MOYE:

6 Q. Is that right?

7 MR. HECKER: Foundation.

8 THE WITNESS: My understanding is Ripple
9 is still entering into deals with market
04:11 10 makers to support ODL liquidity.

11 BY MR. MOYE:

12 Q. Do you have any sense, based on your time at
13 Ripple or your knowledge of the company acquired since
14 leaving, where the funding or the money to support ODL
04:11 15 transactions comes from?

16 A. Repeat the question.

17 Q. Yeah, where does Ripple get the money used to
18 support these ODL transactions? Through the use of XRP?

19 MR. HECKER: Objection to form,

04:11 20 foundation.

21 THE WITNESS: Ripple typically pays
22 market makers in XRP.

23 BY MR. MOYE:

24 Q. As far as you understand, is Ripple using,
04:12 25 then, its own company resources to pay market makers so

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04:12 1 these ODL transactions can happen using XRP?

2 MR. HECKER: Objection to form.

3 THE WITNESS: Ripple, yes, pays market
4 makers to provide liquidity for ODL
5 transactions.

6 BY MR. MOYE:

7 Q. Probably not phrasing this right. Is Ripple
8 paying market makers its own funds or is Ripple getting
9 money from somewhere else from operations, from
04:12 10 customers that it can use to make these subsidiaries in
11 payments?

12 MS. ZORNBERG: Objection to form.

13 MR. HECKER: Objection to form,
14 foundation.

04:12 15 THE WITNESS: Ripple uses XRP from its
16 own inventory to pay market makers to provide
17 quotes for ODL.

18 BY MR. MOYE:

19 Q. Okay. Does Ripple provide market makers with
04:13 20 instructions about what they can do with the XRP that it
21 pays them? For instance, does it have restrictions or
22 is it -- versus funding unrestricted?

23 A. To my knowledge, this funding is
24 unrestricted.

04:13 25 Q. Okay. Let's move to another topic now.

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04:13 1 Let's go to DS Exhibit 19.

2 (Thereupon, a five-page e-mail chain
3 dated 1/10/20, from Breanne Madigan to
4 [REDACTED]@ripple.com, Bates Nos. RPLI_SEC 0502500
04:13 5 through 0502504 was introduced as DS Exhibit
6 19 for identification.)

7 BY MR. MOYE:

8 Q. DS Exhibit 19 is a chain of e-mails, top one
9 is from Breanne Madigan, sent on January 10th, 2020.

04:14 10 And I would like to direct you to, sort of, the bottom
11 of the chain of e-mails. So this is the bottom of
12 page 2, top of page 3.

13 So am I correct that you drafted a number of bullet
14 points to describe the CDL XRP origination concerns?

04:14 15 A. That's correct.

16 Q. By "concerns," do you mean issues or
17 questions people have, or do you mean like the process
18 itself?

19 MS. ZORNBERG: Object to form.

04:14 20 THE WITNESS: Concerns with the program
21 in general.

22 BY MR. MOYE:

23 Q. Okay, and were these concerns that were
24 raised at a meeting that you were a part of and you were
04:15 25 the one deputized or the one asked to step forward and

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04:15 1 create these bullet -- create these bullet points?

2 A. I don't know that these were ever actually
3 delivered to the product team.

4 Q. Fair enough.

04:15 5 But they were creating for the purpose of assisting
6 the product team with understanding the process?

7 A. That's correct. Drafted with the intention
8 of informing the product team the markets team's
9 concerns.

04:15 10 Q. Got it. All right.

11 So you have a bullet point at the top of page 3.
12 It begins with the words "However, we'd expect." Do you
13 see that?

14 A. Yep.

04:15 15 Q. Can you read that bullet point, please?

16 A. "However, we'd expect ODL XRP origination at
17 any significant scale to have a negative impact on XRP
18 price."

19 Q. What did you mean when you wrote that?

04:16 20 A. Should we clarify what "XRP origination" is?

21 Q. Sure. If that's helpful, please do so.

22 A. Okay. In a typical ODL order flow, a
23 customer funds an origination exchange with fiat
24 currency. Let's say Bitstamp is the typical exchange
04:16 25 that you fund Bitstamp with U.S. dollars. On Bitstamp's

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04:16 1 open order book, that -- an ODL transaction purchased
2 XRP on the order book would move cross-border and at the
3 destination exchange, you would sell XRP, receiving the
4 destination currency. XRP origination removed the
04:16 5 original exchange from the -- from the flow.

6 A customer would initiate a payment that would
7 leave essentially a commit-to-sell wallet, move across
8 the ledger and sell directly on the destination exchange
9 for the destination currency. There was no
04:17 10 corresponding buy of XRP.

11 In a normal ODL transaction, the net XRP that is
12 introduced into the market is zero through the payment.
13 In XRP origination, the amount of XRP that is introduced
14 into the market is the size of the payment.

04:17 15 Q. Okay. Why does that have a negative impact
16 on XRP price?

17 A. It is, essentially, a straight sell of XRP
18 into the market and introduction of fresh XRP supply
19 into the market.

04:18 20 Q. Okay, can you go down to the next -- to one
21 of the following bullet points that begins "Programmatic
22 sales are done with"?

23 A. "Programmatic sales are done with our
24 liquidators directed to minimize market impact, while
04:18 25 ODL XRP origination orders are effectively market sell

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04:18 1 orders that aggressively hit the open order book."

2 Q. Is that a similar point that you were raising
3 above?

4 A. Raising above?

04:18 5 Q. About ODL XRP origination at any significant
6 scale would have a negative impact on XRP price.

7 A. It is a different point.

8 Q. A different point? Okay, and how --
9 What is the final point you're making about "ODL
04:18 10 XRP may require Ripple to be considered a money
11 transmitter"?

12 (Pause.)

13 THE WITNESS: I don't recall what I meant
14 by this.

04:19 15 MR. MOYE: Okay. Just a moment. Let's
16 look at DS Exhibit 20.

17 (Thereupon, an informal discussion was
18 held off the record.)

19 (Thereupon, a three-page e-mail chain with
04:19 20 the top e-mail dated 1/13/20, from Dinuka
21 Samarasinghe to Ron Will et al. was introduced
22 as DS Exhibit 21 for identification.)

23 BY MR. MOYE:

24 Q. Let's do DS Exhibit 21. Mr. Samarasinghe,
04:20 25 what is DS Exhibit 21?

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04:20 1 (Pause.)

2 THE WITNESS: It appears that the -- the

3 draft bullet points that we had just been

4 discussed were condensed, and before they were

04:20 5 shared with Asheesh, we shared with Ron Will.

6 BY MR. MOYE:

7 Q. So same concepts, just significantly reduced?

8 A. Condensed.

9 Q. Okay, but this is still your own description

04:21 10 of the transaction -- the concerns about the

11 transaction, correct?

12 A. That's correct.

13 Q. Okay, let's look at DS Exhibit 22.

14 (An informal discussion was held off the

04:21 15 record.)

16 (Thereupon, a 19-page document entitled

17 "Ripple Liquidity ODL & Market Maker Overview +

18 Outlook for 2020," bearing Bates Nos. RPLI_SEC

19 050375 through 0503593 was introduced as DS

04:21 20 Exhibit 22 for identification.)

21 MR. MOYE: For the record, DS Exhibit 22

22 is a "Ripple XRP Liquidity ODL & Market Maker

23 Overview Plus Outlook for 2020," and it's

24 dated January of 2020.

25

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04:22 1 BY MR. MOYE:

2 Q. Are you familiar with this document?

3 (Pause.)

4 THE WITNESS: Vaguely.

04:22 5 BY MR. MOYE:

6 Q. Were you part of the team that prepared this?

7 A. I -- I prepared portions of this.

8 Q. Okay, who else was involved in preparing
9 this?

04:22 10 A. Breanne Madigan, [REDACTED].

11 Q. Why was this prepared or who was this
12 prepared for?

13 A. I -- I do not recall.

14 Q. Do you think it was prepared for internal use
04:23 15 by Ripple or sharing it with someone outside?

16 MR. HECKER: Objection, foundation.

17 BY MR. MOYE:

18 Q. You can answer.

19 A. I believe it was internal for Ripple.

04:23 20 Q. Internal? And would this be --

21 Do you know whether this was shared with Ripple
22 executives, senior executives?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: I don't recall.

25

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04:23 1 BY MR. MOYE:

2 Q. You don't recall? Okay.

3 Can you turn over to the page that says "Natural
4 Liquidity Task Force"?

04:23 5 (Pause.)

6 BY MR. MOYE:

7 Q. Let me know when you're there.

8 A. Yep.

9 Q. Do you see the sentence that says "Currently,
04:24 10 ODL national liquidity (blue, above) has been steadily
11 growing in absolute terms, but is barely keeping pace
12 with growing ODL volumes"?

13 A. Yes.

14 Q. Did you agree with that statement in this
04:24 15 report?

16 A. Yes.

17 Q. Did you have any part in creating or
18 formulating or editing that statement?

19 A. I -- I don't recall.

04:24 20 Q. Do you recall whether there's anything in
21 this report in its final version that you disagreed with
22 or were uncomfortable with?

23 MR. HECKER: If you need to review it,
24 you can.

04:24 25 THE WITNESS: Yeah, I would have to look

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04:24 1 through the whole thing to see if I agree with
2 it.

3 BY MR. MOYE:

4 Q. That's not really fair, then. I just meant,
04:24 5 did you have an independent recollection of this report
6 and meetings about it and having any problems with what
7 was in it or how it was presented? I don't need you to
8 read all the way through it.

9 MS. ZORNBERG: Objection.

04:25 10 THE WITNESS: I don't recall.

11 BY MR. MOYE:

12 Q. Okay. At least, as you sit here today, you
13 don't recall?

14 A. Yeah.

04:25 15 Q. Okay.

16 MR. HECKER: Same objection.

17 MS. ZORNBERG: You need to give a verbal
18 answer.

19 THE WITNESS: I don't recall having any
04:25 20 objection.

21 MR. MOYE: Fair enough. Let's look at
22 DS Exhibit 23.

23 (Pause.)

24 (Thereupon, a three-page e-mail dated
04:25 25 3/25/2020, from [REDACTED]@ripple.com to Slack
[REDACTED]

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04:25 1 Retention] Ripple - : Private" et al., Bates
2 Nos. RPLI_SEC 0318645 through 0318647 was
3 introduced as DS Exhibit 23 for identification.)

4 MR. MOYE: DS Exhibit 23, for the record,
04:25 5 appears to be a series of Slack messages from
6 [REDACTED] @ripple.com, dated Wednesday, March 25,
7 2020.

8 THE WITNESS: Uh-huh.

9 BY MR. MOYE:

04:26 10 Q. And you were one of many recipients listed
11 here.

12 A. Yes.

13 Q. Who is [REDACTED]?

14 A. [REDACTED]?

04:26 15 Q. Yes.

16 A. He was one of the business development
17 members of Ripple. He was the primary relationship
18 point with MoneyGram.

19 Q. Okay, so you're actually -- you're actually
04:26 20 making a number of these statements, and I don't want to
21 ask you about all of them, but I did want to ask you
22 about some of them.

23 You can tell me if I -- if you think I'm wrong, but
24 it appears to me there was some question about a
04:26 25 moneymaker running low on Filipino pesos and needing

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04:26 1 some support -- some liquidity support?

2 A. Market maker.

3 Q. A market maker?

4 A. Yes. The market maker was running out of
04:27 5 Filipino peso.

6 Q. Okay. So please look down to the
7 third-to-the-last message. It begins "GSR apparently."
8 What are you sharing with the team here and this message
9 and the two that followup?

04:27 10 A. Okay. So -- so at this point, the amount of
11 inventory that our market makers -- basically, I'm
12 sharing that GSR has an additional Filipino peso that is
13 available to be sent to the exchange, but it only winds
14 up being roughly 6.6 hours of Filipino peso.

04:27 15 Q. Okay. Did this secret reserve turn out to be
16 a benefit here, as far as you can tell?

17 MS. ZORNBERG: Objection inform.

18 BY MR. MOYE:

19 Q. For the market maker?

04:27 20 A. Not necessarily for the market maker, but for
21 the product we had an additional six and a half hours
22 before -- you know, six and a half hours' worth of
23 normal flow that that could be supported.

24 Q. Okay. Turn over to the second page, please.

04:28 25 Again, it looks like the last three comments are by you,

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04:28 1 although they're not the only comments you make on this
2 page.

3 I would like you to read out loud the comment that
4 begins "We brought up with [REDACTED] -- we brought up with
04:28 5 [REDACTED]." It's toward the bottom.

6 A. Yeah. "We brought up with [REDACTED] potentially
7 having emergency funds at an exchange to deliver to
8 market makers in case we are running low on working
9 capital. However, this needs to be done as a loan.
04:28 10 While compliance did does not have an issue with this,
11 given the time frame in which this needs to be approve
12 and sent out, we are, working through with the finance
13 team how to operationalize this."

14 Q. Okay, was the subject of these messages, the
04:29 15 market maker running low, was this something that
16 occurred with some frequency while you are at Ripple, or
17 were these unusual occurrences?

18 A. It happened more than once, but it was
19 unusual.

04:29 20 Q. Okay, and did Ripple have to make any changes
21 in order to address this problem such as making loans of
22 emergency funds?

23 (Pause.)

24 THE WITNESS: I don't believe so.

25

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04:29 1 BY MR. MOYE:

2 Q. Did you suggest Ripple having emergency funds
3 in exchange to deliver to market makers when needed?

4 A. That was -- that was an issue that
04:29 5 Breanne Madigan had raised.

6 Q. Okay, did you agree that should be done or
7 did you -- were you against that suggestion?

8 A. I was not for that suggestion.

9 Q. Why did you object to it?

04:30 10 MR. HECKER: Objection to form.

11 THE WITNESS: I thought the simplest
12 method was to increase the working capital
13 being provided to the market makers so they
14 had an additional buffer for -- in case a wire
04:30 15 failed or there was exogenous flow that they
16 needed to support.

17 BY MR. MOYE:

18 Q. Okay, and was -- was the solution that you
19 preferred ever implemented?

04:30 20 A. Not directly.

21 Q. Okay, let's go to DS Exhibit 24.

22 (Pause.)

23 (Thereupon, a two-page e-mail dated
24 3/26/2020, from Dinuka Samarasinghe to [REDACTED]

04:30 25 [REDACTED] et al., Bates Nos. RPLI_SEC 0492574

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04:30 1 through 0492575 was introduced as DS Exhibit 24
2 for identification.)

3 BY MR. MOYE:

4 Q. Okay, for the record, DS Exhibit 24 appears
04:31 5 to be a message sent by you on March 26, 2020, to
6 [REDACTED] and a number of other individuals.

7 Subject, "XRP sales."

8 Do you see that?

9 A. Yes.

04:31 10 Q. Visually, there's a lot going on here.
11 There's a lot of numbers and almost every line has a
12 bullet point, so I'll do the best I can to direct you.
13 But I'm interested in asking you about Section No. 2,
14 [REDACTED] sales; and No. 3, [REDACTED] sales.

04:31 15 A. Uh-huh.

16 Q. Okay? So what are you communicating in
17 Section 2 about [REDACTED] sales?

18 (Pause.)

19 THE WITNESS: I am communicating to this
04:32 20 team that [REDACTED] purchased different
21 tranches of XRP of fairly, you know, large
22 size and directly monetized that -- directly
23 monetized their discount by selling into the
24 market.

25

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04:32 1 BY MR. MOYE:

2 Q. So this was one of the things we discussed
3 before, correct?

4 A. That is correct.

04:32 5 Q. Okay, was the issue with [REDACTED]

6 already over and solved by this time, or is this like a
7 real-time description of an issue you're having with
8 [REDACTED]?

9 A. This -- my understanding is that Ripple
04:33 10 stopped funding [REDACTED] due to a belief that
11 they violated the spirit of that deal.

12 Q. Okay, and then Section 3, talking about [REDACTED]

13 A. Uh-huh.

14 Q. I believe that's another issue we talked
04:33 15 about before?

16 A. That's correct.

17 Q. And was this issue already over and resolved
18 by the time you wrote this e-mail, or was this one that
19 was close in time and had just been addressed?

04:33 20 A. I mean, this -- this had been addressed by --
21 at this point.

22 Q. Okay. Are you saying anything in your e-mail
23 about how the [REDACTED] sales and the [REDACTED] sales
24 were accounted for by Ripple?

04:33 25 MS. ZORNBERG: Objection.

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04:33 1 BY MR. MOYE:

2 Q. For instance, whether they were OTC sales or
3 something else?

4 MS. ZORNBERG: Objection.

04:33 5 MR. HECKER: Objection to the form.

6 THE WITNESS: I do not believe so.

7 BY MR. MOYE:

8 Q. Okay, and was everything that was in this
9 update correct at the time you wrote it, as far as you
04:34 10 know?

11 A. As far as I know.

12 Q. Okay, let's look at DS Exhibit 25.

13 (Thereupon, a two-page e-mail chain with
14 the top e-mail dated 3/29/2020, from Dinuka
04:34 15 Samarasinghe to [REDACTED] et al., Bates Nos.
16 RPLI_SEC 0479912 through 0479913 was introduced
17 as DS Exhibit 25 for identification.)

18 MR. MOYE: So for the record,

19 DS Exhibit 25 is a series of messages, and the
04:34 20 top message from Dinuka Samarasinghe on
21 March 29th, 2020, to [REDACTED] and several
22 other individuals. The subject is "XRP sales
23 impact analysis."

24 BY MR. MOYE:

04:34 25 Q. So Mr. Samarasinghe, am I correct that part

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04:35 1 of this exhibit that you wrote is at the very top, and
2 then the other parts were principally drafted by the
3 other individuals on this e-mail chain?

4 (Pause.)

04:35 5 THE WITNESS: That's my understanding,
6 yeah.

7 BY MR. MOYE:

8 Q. Okay. What I would like to ask you is:

9 On the second page, in the series of numbered
04:35 10 paragraphs, are the responses by you that have been
11 typed into some of these paragraphs, so issues raised
12 [REDACTED] -- when you wrote your reply --

13 Do you see at the bottom you said "A few thoughts
14 inline below"?

04:35 15 (Pause.)

16 BY MR. MOYE:

17 Q. Are any of the portions of the numbered
18 paragraphs, 1 through 6, written by you? Just let me
19 ask you about a few sentences, okay, and you can tell me
04:36 20 whether you think it's drafted by you or not.

21 In paragraph No. 2, did you write any part of this,
22 including the sentence that begins "Past sales" or "It's
23 kind of like a snowball effect"?

24 A. No, I did not.

04:36 25 Q. Okay. Do you recognize whether those are

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04:36 1 inline comments created by someone else?

2 A. I have no way of telling.

3 Q. Okay. Did you write any part of paragraph 3
4 as a comment on something that someone else had written,
04:36 5 including "While I have long hoped that Ripple would
6 restrict"?

7 (Pause.)

8 THE WITNESS: I don't -- I don't know,
9 offhand.

04:37 10 BY MR. MOYE:

11 Q. Okay, could be, could not be, you don't know
12 one way or the other?

13 A. I -- it appears that there was a change of
14 tone and language, starting with "While."

04:37 15 Q. Okay, all right. Let's move on to
16 paragraph 4. Same question here. Is there any part of
17 paragraph 4 that you wrote as a comment, including but
18 not limited to, the phrase "This has long been a fear of
19 Miguel and mine"?

04:37 20 (Pause.)

21 THE WITNESS: Yeah. I mean, these
22 gentleman and [REDACTED] did not have much
23 interaction with Miguel, so I don't know that
24 they would have a shared fear.

25

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04:38 1 BY MR. MOYE:

2 Q. Okay, so this -- you think this is likely
3 part of a comment that you inserted here?

4 A. It's likely, yes.

04:38 5 Q. Okay, so if you can't be sure about whether
6 it was, let me just ask you if there's anything about
7 paragraph 4 you grow or disagree with? So the first
8 sentence, "We found little correlation with XRP price
9 and the performance of the XRP/BTC ratio under different
04:38 10 selling pressures."

11 In March of 2020, do you remember whether you would
12 have agreed or disagreed with that statement?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: Could you repeat your
04:38 15 question?

16 BY MR. MOYE:

17 Q. Let me just give you the substance of it.

18 Do you agree or disagree -- as of March 2020, do
19 you think you agreed or disagreed with the observation
04:39 20 that the performance of XRP and BTC ratio -- actually,
21 that's a terrible question. I apologize for that. Let
22 me ask you a different one.

23 How about agree or disagree with this statement:

24 A large amount of XRP sold at a low price, could
04:39 25 push XRP "over a cliff"?

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04:39 1 (Pause.)

2 THE WITNESS: I believe that I would have
3 held that opinion.

4 BY MR. MOYE:

04:39 5 Q. Okay, same period of time, March 2020. Would
6 you have agreed with this statement:

7 It appears that maybe selling Ripple now might
8 actually be the proverbial straw that broke the camel's
9 back three months down the road when XRP is lurching
04:39 10 lower in a negative macro environment"?

11 MS. ZORNBERG: Objection.

12 (Pause.)

13 THE WITNESS: Yes, I believe I would have
14 shared that opinion in March of 2020.

04:40 15 BY MR. MOYE:

16 Q. So even if you didn't type it out, you think
17 you would have shared that opinion?

18 A. Yes.

19 Q. Okay, and how about the next sentence? "XRP
04:40 20 might become a downhill boulder which is impossible to
21 stop without buying XRP."

22 MS. ZORNBERG: Objection.

23 BY MR. MOYE:

24 Q. You can answer.

04:40 25 A. In March of 2020, I would have believed that

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04:40 1 statement.

2 Q. Okay.

3 MS. ZORNBERG: Sorry?

4 THE WITNESS: I would have believed that
04:40 5 statement.

6 BY MR. MOYE:

7 Q. All right. Let's put DS Exhibit 25 aside.
8 Let's look at 26.

9 MR. HECKER: Is there no Bates on this?

04:41 10 MR. MOYE: Actually, there's not.

11 THE WITNESS: No what?

12 MR. HECKER: No stamp on it.

13 (Pause.)

14 MS. ZORNBERG: Can you make a proffer on
04:41 15 the source of the document?

16 MR. MOYE: Unfortunately, I'm not the guy
17 to ask. We'll try. Okay?

18 (Thereupon, one-page e-mail dated
19 4/8/2020, from [REDACTED] to Breanne

04:41 20 Madigan et al., "Subject: Bitso Update" was
21 introduced as DS Exhibit 26 for
22 identification.)

23 BY MR. MOYE:

24 Q. So let's look at this un-Bates document, what
04:41 25 we've marked as DS Exhibit 26, sent on Wednesday,

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04:41 1 April 8, 2020. "Subject: Bitso Update," from
2 [REDACTED] to several individuals at a
3 Ripple, including yourself.

4 So I would like to ask you about the third
04:42 5 paragraph in this message, the one that begins with "One
6 favor I would like to ask of you."

7 A. Uh-huh.

8 Q. Without reading the paragraph into the
9 record, could you summarize it? What exactly is the
04:42 10 request here from [REDACTED]?

11 A. Well, [REDACTED] is asking that Ripple
12 provide data to compare the relative share of volume
13 captured by different market makers on different
14 corridors.

04:42 15 Q. Okay. So specifically the last sentence,
16 what is he --

17 What is he saying there or what problem or issue is
18 he trying to avoid?

19 MR. HECKER: The last sentence of the
04:42 20 third paragraph?

21 MR. MOYE: Yes.

22 MS. ZORNBERG: Object to form.

23 MR. HECKER: I object -- I also object to
24 the form of the question.

25

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04:43 1 BY MR. MOYE:

2 Q. Okay. If you can tell --

3 Can you tell what problem or issue he is trying to
4 avoid, if he's able to get the data that he's requested
04:43 5 from Ripple?

6 MR. HECKER: Same objection.

7 BY MR. MOYE:

8 Q. You can answer.

9 (Pause.)

04:44 10 THE WITNESS: Okay. Sorry.

11 I think discussed earlier how part of the
12 initial deals for ODL market makers was to try
13 to generate national liquidity.

14 Part of the way we did this was to have
04:44 15 market makers calculate essentially a
16 reference price. You know, I think we talked
17 about a reference price for Dollar MX, right,
18 using the intra-bank rate or published by
19 [REDACTED]

04:44 20 Now, the rate for XRP MXN was
21 triangulated or calculated by the reference
22 price, so they would take the USD MXN price
23 given by, say, [REDACTED], multiplied it by the
24 XRP USD price on the reference exchange for
04:45 25 that pair, and they would come up with an XRP

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04:45 1 MXN price that is essentially giving buy rate
2 derived from the intra-bank rate.
3 One of the ways we would grow natural
4 liquidity is to ensure that the market makers
04:45 5 did not quote too tight in the order books,
6 ultimately allowing for -- so ODL orders would
7 be essentially aggressive orders going into
8 that market and we wanted to leave room for
9 market participants to step in front of our
04:45 10 market makers to grow liquidity on the order
11 books, natural liquidity in a sustainable
12 fashion to intercept those orders.

13 BY MR. MOYE:

14 Q. Okay.

04:45 15 A. So in this case, [REDACTED] believed they
16 were quoting at as tight as we prescribed them the -- on
17 the open order books, but they believed the other market
18 maker was essentially tighter than them and capturing --
19 and leaving them with a very low share on that order
04:46 20 book.

21 MR. MOYE: Okay. Thank you.

22 For the record, we believe that this
23 document was produced by [REDACTED], and the
24 e-mail is SEC-[REDACTED] E-0047964.

04:46 25 (Thereupon, an eight-page e-mail chain

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04:46 1 with the top e-mail dated 4/15/20, from Dinuka
2 Samarasinghe to [REDACTED] et al. was introduced
3 as DS Exhibit 27 for identification.)

4 BY MR. MOYE:

04:46 5 Q. Let's look at DS Exhibit 27. For the record,
6 DS Exhibit 27 is a message from
7 [REDACTED] Ripple.com sent April 15th, 2020 to
8 [REDACTED] Ripple.com. "Subject: XRP correlation
9 plots - Invitation to edit."

04:47 10 So am I correct this message includes not just one
11 but a whole series of analyses that you performed for
12 [REDACTED] ?

13 A. Yes, sir.

14 Q. Okay, and in general, what is the focus or
04:47 15 the -- or the thing that you were asked to study, the
16 Ripple that you were asked to compare?

17 A. In general, it's not necessarily a
18 comparison. [REDACTED] wanted a crash course on XRP.

19 Q. They are called "correlation plots," right?

04:48 20 A. Yes. So if you see certainly do XRP 60-day
21 correlation with Bitcoin and a top cryptos later.

22 Q. Okay, so the first --

23 The first plot in correlation with Bitcoin and a
24 second plot is the 60-day correlation versus other top
04:48 25 cryptos, right?

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04:48 1 A. Correct.

2 Q. Would that include Bitcoin or not?

3 A. I believe so.

4 Q. All right. At the time you prepared this and
04:48 5 sent it to [REDACTED] did you think your analysis was
6 correct?

7 A. Yes.

8 Q. Did you think it was helpful to her
9 understanding or was this something she didn't really
04:48 10 need to be concerned about?

11 MR. HECKER: Objection to form.

12 THE WITNESS: She appeared to have
13 appreciated it.

14 BY MR. MOYE:

04:49 15 Q. And what was her role within Ripple at this
16 time?

17 A. She had moved from being a board member to
18 being a special adviser to Brad Garlinghouse.

19 Q. Okay. So did you view your information to
04:49 20 her as being background or things that would also inform
21 Mr. Garlinghouse?

22 A. I did not necessarily consider it
23 informational to Brad. I felt it was more bringing [REDACTED]
24 up to speed.

04:49 25 Q. Okay. All right. Let's look at

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04:49 1 DS Exhibit 28.

2 (Thereupon, a four-page e-mail chain with
3 top e-mail dated 5/29/2020, from [REDACTED]
4 [REDACTED] et al. was introduced as DS Exhibit
04:49 5 28 for identification.)

6 BY MR. MOYE:

7 Q. So this is several pages of messages, but the
8 only e-mail I'm asking you about is the one on the first
9 page, the one you sent to [REDACTED]

04:50 10 So, for the record, DS Exhibit 28 is a copy of a
11 message from Dinuka Samarasinghe dated May 29th, 2020 to
12 [REDACTED] and several other individuals at Ripple.

13 "Subject, XRP inflation stats - error?"

14 Are you familiar with this e-mail?

04:50 15 A. Yes.

16 Q. Okay. Can you tell me generally what your
17 purpose was or what you were hoping to communicate in
18 sending this e-mail?

19 A. There was a report by [REDACTED] [phonetic],
04:50 20 which is a -- it's a website that produces data and
21 analysis on the digital asset markets they were claiming
22 that XRP's inflation rate was significantly higher than
23 that of other top digital assets.

24 The communications team, the Comms team wanted to
04:51 25 discuss that with the market team to craft -- to

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04:51 1 potentially craft a response.

2 Q. So the information you're providing you
3 thought might be used for a public response on behalf of
4 Ripple?

04:51 5 A. No. The information I provided was to
6 educate the comms team how at least I viewed XRP
7 inflation rate.

8 Q. Okay. We've talked about XRP inflation rate
9 before.

04:52 10 Can you tell me what is meant by your first bullet
11 point, the sales numbers that Ripple reported for Q1 are
12 at a [REDACTED] percent discount?

13 A. In historical markets reports, quarterly
14 markets reports, Ripple provided XRP sales announced in
04:52 15 U.S. dollars. Historically, I believe that had been a
16 decent proxy of XRP that was distributed into the
17 market, given they were programmatic and without a
18 discount. Or, in the case of, say, [REDACTED]
19 not -- still a decent-sized discount, but not a
04:52 20 [REDACTED] percent discount.

21 Q. Okay. All right.

22 A. My point here is the sales numbers that
23 Ripple continue -- that -- that -- the sales numbers
24 that Ripple reported were still in USD amounts, but they
04:53 25 were no longer what I believed to be a good proxy of the

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04:53 1 XRP that was introduced into the market.

2 Q. Is another way of saying that that you
3 thought the numbers Ripple was reporting were not
4 accurate?

04:53 5 MR. HECKER: Objection to form,
6 mischaracterizes his testimony.

7 THE WITNESS: No, I -- the sales numbers
8 were accurate. I --

9 I believe they were not a good
04:53 10 representation of the XRP that was introduced
11 into the market.

12 BY MR. MOYE:

13 Q. Okay. So the second bullet point:

14 "These reports are not counting just XRP sales from
04:53 15 Ripple, but all XRP distributions from Ripple and its
16 founders and they do not count what is currently held by
17 founders, option holders, early investors, etc. as part
18 of the free float." What do you mean by that?

19 A. This goes back to how do you actually
04:53 20 calculate inflation rate for XRP. Now, you could count
21 it as, say -- you could imply it as you could from
22 [REDACTED] data that XRP's inflation rate is just
23 that which leaves Ripple's inventory.

24 [REDACTED] would calculate it differently, counting
04:54 25 distributions from founders, foundations, early

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04:54 1 investors and -- and Ripple. [REDACTED] calculation
2 included -- [REDACTED] calculation did not include
3 founders as part of circulating supply, so any
4 distribution from founders would have been considered
04:54 5 part of the inflation rate --

6 Q. Okay.

7 A. -- under [REDACTED] calculation.

8 Q. And then the third bullet point says "While
9 we can push back on the sales numbers."

04:54 10 Whose sales numbers are you referring to there?

11 A. Ripple XRP sales numbers.

12 Q. Okay. "Our sales numbers are not a good
13 proxy from XRP put into the market by Ripple. On
14 pushing back on sales numbers, we are at risk at
04:55 15 damaging our credibility."

16 Who is the "we" you're referring to there? Is it
17 Ripple itself or the sales -- the XRP markets team
18 within Ripple?

19 A. It's if --

04:55 20 It's basically if the communications team pushes
21 back on the sales numbers as reported by that, I felt
22 that could be damaging to Ripple's creditability.

23 (Thereupon, a thirteen-page document

24 entitled "XRP-O Supply Concerns," Bates Nos.

04:55 25 RPLI_SEC 0301743 through 0301755 was introduced